

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following applies to the offering circular dated 22 June 2011 (the “**Offering Circular**”) attached following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. By viewing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

The attached Offering Circular amends, restates and replaces in its entirety the Offering Circular dated 16 June 2011.

THE NOTES ARE BEING OFFERED OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT. NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF NOTES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES AND THE GUARANTEES (EACH AS DEFINED IN THE OFFERING CIRCULAR) HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND, SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES.

THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES DESCRIBED IN THE OFFERING CIRCULAR.

Confirmation of your Representation: In order to be eligible to view the attached Offering Circular or make an investment decision with respect to the Notes described herein, investors must not be located in the United States (within the meaning of Regulation S under the Securities Act). The Offering Circular is being sent at your request, and by accepting the e-mail accessing the attached Offering Circular, you shall be deemed to have represented to us that (1) the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States (within the meaning of Regulation S under the Securities Act) and, to the extent you purchase the Notes described in the attached Offering Circular, you will be doing so pursuant to Regulation S under the Securities Act and (2) you consent to delivery of the Offering Circular and any amendments and supplements thereto by electronic transmission.

You are reminded that the attached Offering Circular has been delivered to you on the basis that you are a person into whose possession the attached Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the attached Offering Circular, electronically or otherwise, to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Arranger (as defined below) or any affiliate of the Arranger is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Arranger or such affiliate in such jurisdiction.

The attached Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Goldman Sachs International (the “**Arranger**”), Equisar Sdn. Bhd., Equisar International Incorporated, SGOS Capital Holdings Sdn. Bhd., Sarawak International Incorporated or any person who controls the foregoing or any director, officer, employee or agent of the foregoing or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arranger. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

AMENDS, RESTATES AND REPLACES IN ITS ENTIRETY THE OFFERING CIRCULAR DATED
16 JUNE 2011

EQUISAR INTERNATIONAL INCORPORATED

Company No. LL08196

(incorporated in the Federal Territory of Labuan, Malaysia with limited liability on 20 April 2011)

Class A U.S.\$302,000,000 6.628 per cent. Guaranteed and Secured Accreting Notes due 2026
Class B1 U.S.\$348,000,000 6.628 per cent. Guaranteed and Secured Amortising Notes due 2026
Class B2 U.S.\$150,000,000 6.628 per cent. Guaranteed and Secured Notes due 2026

unconditionally and irrevocably guaranteed by

EQUISAR SDN. BHD.

Company No. 941465-H

(incorporated in Malaysia with limited liability on 21 April 2011)

SGOS CAPITAL HOLDINGS SDN. BHD.

Company No. 674869-D

(incorporated in Malaysia with limited liability on 10 December 2004)

*and, upon the SII Guarantee (as defined below) being entered into and becoming effective,
unconditionally and irrevocably guaranteed by*

SARAWAK INTERNATIONAL INCORPORATED

Company No. LL04859

(incorporated in the Federal Territory of Labuan, Malaysia with limited liability on 14 June 2005)

This document amends, restates and replaces in its entirety the Offering Circular dated 16 June 2011.

The Class A U.S.\$302,000,000 6.628 per cent. Guaranteed and Secured Accreting Notes due 2026 (the "**Class A Notes**"), the Class B1 U.S.\$348,000,000 6.628 per cent. Guaranteed and Secured Amortising Notes due 2026 (the "**Class B1 Notes**") and the Class B2 U.S.\$150,000,000 6.628 per cent. Guaranteed and Secured Notes due 2026 (the "**Class B2 Notes**") and, together with the Class B1 Notes, the "**Class B Notes**") (the Class A Notes and the Class B Notes together are referred to as the "**Notes**") will be issued by Equisar International Incorporated (the "**Issuer**").

Equisar Sdn. Bhd. ("**HoldCo Guarantor**"), which wholly owns the Issuer and SGOS Capital Holdings Sdn. Bhd. ("**SGOS Guarantor**") and, together with HoldCo Guarantor, the "**Original Guarantors**" and each an "**Original Guarantor**" will unconditionally and irrevocably guarantee (the "**Original Guarantees**"), on a joint and several basis, the due payment of all amounts at any time becoming due and payable in respect of the Notes, the Note Trust Deed and the Issuer Security Deed (each as defined herein). Upon the SII Guarantee being entered into and becoming effective, Sarawak International Incorporated ("**SII Guarantor**" or "**2015 Notes Issuer**") and, together with the Original Guarantors, the "**Guarantors**") will unconditionally and irrevocably guarantee (the "**SII Guarantee**") and, together with the Original Guarantees, the "**Guarantees**"), on a joint and several basis with HoldCo Guarantor, the due payment of all amounts at any time becoming due and payable in respect of the Notes, the Note Trust Deed and the Issuer Security Deed. The obligations of SGOS Guarantor under its guarantee (the "**SGOS Guarantee**") shall be released and discharged upon the SII Guarantee being entered into and becoming effective, in accordance with the Note Trust Deed and the Deed of Accession and Release (each as defined herein).

The State Government of Sarawak, acting through the State Financial Secretary, will issue on the Closing Date (as defined below) an annex letter (the "**Annex Letter**") in favour of the Issuer, HoldCo Guarantor and SGOS Guarantor, under which it agrees to make certain contributions to "Government Contributions Towards Approved Agencies Trust Fund" (the "**Government Fund**"), and to procure such monies are paid to the Trust Fund Reserve Account (as defined herein) from time to time. Such monies will be used by the Issuer for payments under the Notes. The Annex Letter does not constitute a guarantee or letter of support by the State Government of Sarawak of the obligations of the Issuer or the Guarantors in respect of the Notes.

As security for the payment of all monies payable by the Issuer in respect of the Notes, the Note Trust Deed and the Issuer Security Deed or the SIL Deed (as defined herein), the Issuer and SGOS Investment Ltd. ("**SIL**") will grant certain security under the Issuer Security Deed and the SIL Deed respectively. See "*Security, Accounts and SIL Swap Agreement*".

The Class A Notes will bear interest at the rate of 6.628 per cent. per annum payable semi-annually in arrear on 15 June and 15 December in each year, commencing on 15 December 2011. The Class B1 Notes will bear interest at the rate of 6.628 per cent. per annum payable semi-annually in arrear on 15 June and 15 December in each year, commencing on 15 December 2011. The Class B2 Notes will bear interest at the rate of 6.628 per cent. per annum payable semi-annually in arrear on 15 June and 15 December in each year, commencing on 15 December 2011. Payments on the Notes will be made without deduction for or on account of taxes of the Federal Territory of Labuan, Malaysia ("**Labuan**") or the Federation of Malaysia ("**Malaysia**"). See "*Terms and Conditions of the Notes — Taxation*".

Unless previously redeemed, the Notes will be redeemed on 15 June 2026 (the "**Maturity Date**") at their principal amount outstanding as at the Maturity Date. The Notes are subject to redemption, in whole but not in part, at their then outstanding principal amount, together with accrued and unpaid interest, if any, at the option of the Issuer at any time in the event of certain changes affecting taxes of Labuan, Sarawak or Malaysia. See "*Terms and Conditions of the Notes — Adjustment of Principal and Redemption — Redemption for taxation reasons*".

Unless the Calculation Agent has determined that a Possible Potential Event of Default or a Potential Event of Default (each as defined herein) has occurred on or prior to the relevant Adjustment Date (as defined herein) and notice of that determination has been given to the Issuer and the Principal Agent, the original aggregate principal amount of the Class A Notes and the Class B1 Notes shall be adjusted on each Adjustment Date to the relevant adjusted aggregate principal amount set out in Condition 7.1 (*Adjustment of outstanding principal amounts of the Notes*). The adjusted outstanding principal amount of each Class A Note shall be the adjusted aggregate outstanding principal amount of the Class A Notes divided by the number of Class A Notes then outstanding, rounded up to the nearest dollar. The adjusted outstanding principal amount of each Class B1 Note shall be the adjusted aggregate outstanding principal amount of the Class B1 Notes divided by the number of Class B1 Notes then outstanding, rounded up to the nearest dollar.

The adjustment of the outstanding principal amount of each such Note, for all purposes, takes effect from the related Adjustment Date, without any payment to the Issuer by the Class A Noteholders (in the case of the Class A Notes) or by the Issuer to the Class B1 Noteholders (in the case of the Class B1 Notes) and without notice to the Note Trustee or the Noteholders. For the avoidance of doubt, the Class B2 Notes shall not be subject to any adjustment pursuant to Condition 7.1.

So long as the Class A Notes or the Class B1 Notes, as the case may be, are represented by a Global Certificate (as defined herein) and the relevant Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System (as defined in the form of the Global Certificate), the adjustments to the outstanding principal amount of the Class A Notes and the Class B1 Notes will be made by application of a pool factor, at the discretion of, and in accordance with the rules and procedures of, Euroclear Bank, S.A./N.V. ("**Euroclear**") or Clearstream Banking, *société anonyme*, Luxembourg ("**Clearstream Luxembourg**") Luxembourg or the relevant Alternative Clearing System (in each case, as appropriate).

The Class A Notes and Class B1 Notes will be issued in registered form (and, for the avoidance of doubt, without coupons) in denominations of U.S.\$1,000,000 each. The Class B2 Notes will be issued in registered form (and, for the avoidance of doubt, without coupons) in denominations of U.S.\$1,000,000 with integral multiples of U.S.\$100,000 thereafter. The Class A Notes, the Class B1 Notes and the Class B2 Notes will each be represented by beneficial interests in a global registered note certificate (the "**Global Certificates**") which will be registered in the name of The Bank of New York Depository (Nominees) Limited and shall be deposited on or about 27 June 2011 (the "**Closing Date**") with The Bank of New York Mellon, London Branch, a common depository for, Euroclear and Clearstream, Luxembourg. Beneficial interests in the Global Certificates will be shown on, and transfers thereof will be effected only through, accounts at Euroclear and Clearstream, Luxembourg. Except as described herein, individual note certificates ("**Individual Certificates**") for Notes will not be issued in exchange for beneficial interests in the Global Certificates. See "*Summary of Provisions Relating to the Notes While in Global Form*".

Application has been made to the Labuan International Financial Exchange Inc. (the "**LFX**") for listing of, and permission to deal in, the Notes. There can be no assurance, however, that the Issuer's listing application will be approved, and if approved, that the listing will be maintained. Admission of the Notes to the official list of the LFX and trading on its market are not conditions precedent to the issuance of the Notes.

Investing in the Notes involves risks. For a discussion of certain factors to be considered in connection with an investment in the Notes, see "*Risk Factors*".

Class A Notes Issue Price: 177.674281 per cent.

Class B1 Notes Issue Price: 32.593009 per cent.

Class B2 Notes Issue Price: 100 per cent.

The issue prices set forth above do not include accrued interest, if any. Interest on the Notes will accrue from the Closing Date.

The Issuer expects that the Notes will on issue be ascribed a credit rating of "A-" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies Inc. ("**Standard & Poor's**"). The rating ascribed to the Notes reflects only the views of Standard & Poor's. A credit rating is not a recommendation to buy, sell or hold Notes and may be subject to revision, suspension or withdrawal at any time by Standard and Poor's. A suspension, reduction or withdrawal of the rating assigned to the Notes may adversely affect the market price of the Notes.

Goldman Sachs International ("**GSI**"), through its respective selling agents, is offering the Notes outside the United States in reliance on Regulation S. The Notes and the Guarantees have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and, subject to certain exceptions, the Notes may not be offered or sold within the United States. GSI expects, immediately upon settlement of the Notes, in its sole discretion, to enter separately into an arrangement with investors in all or substantially all of the Class A Notes and the Class B1 Notes whereby GSI would synthetically obtain an economic exposure to the Class A and Class B1 Notes. See "*Distribution Plan, Activities of GSI and Transfer Restrictions*".

No approval from the Securities Commission of Malaysia has been or will be obtained for the offering of the Notes on the basis that the Notes will be offered or sold exclusively to persons outside Malaysia or if within Malaysia then only by and to a Labuan company or foreign Labuan company, as defined under the Labuan Companies Act 1990 (the "**Labuan Companies Act**"). In addition, no approval from the Labuan Financial Services Authority has been or will be obtained for the offering of the Notes on the basis that the offer of the Notes will fall within the categories of excluded offers set out in section 8(5) of the Labuan Financial Services and Securities Act 2010 ("**excluded offers**"). This Offering Circular has not been nor will it be registered with the Securities Commission of Malaysia or the Labuan Financial Services Authority on the basis that (A) the Notes will not be offered or sold within Malaysia other than by a Labuan company or foreign Labuan company, as defined under the Labuan Companies Act, to another Labuan company or foreign Labuan company which (i) is licensed to carry on Labuan banking business or Labuan insurance business, as defined under the Labuan Financial Services and Securities Act 2010, or (ii) is a corporation with total net assets exceeding RM10 million or its equivalent in foreign currencies based on its last audited accounts; and (B) any offer of the Notes will be an excluded offer for the purposes of the Labuan Financial Services and Securities Act 2010.

For a description of certain restrictions on offers, sales and transfers of Notes and the distribution of this Offering Circular, see "*Distribution Plan, Activities of GSI and Transfer Restrictions*".

The Issuer expects to issue and deliver the Notes through the facilities of Euroclear and Clearstream, Luxembourg against payment.

Bookrunner and Arranger

Goldman Sachs International

Offering Circular dated 22 June 2011

TABLE OF CONTENTS

	<u>Page</u>
Summary of the Offering	1
Risk Factors	11
Use of Proceeds	23
Exchange Rate Information	24
Capitalisation of the Issuer and HoldCo Guarantor	25
The Issuer	26
HoldCo Guarantor	28
SGOS Guarantor	30
SII Guarantor	33
State of Sarawak	35
Overview of Malaysia	45
Terms and Conditions of the Notes	53
Summary of Provisions Relating to the Notes While in Global Form	76
Taxation	78
Distribution Plan, Activities of GSI and Transfer Restrictions	80
Security, Accounts and SIL Swap Agreement	88
Legal Matters	94
General Information	95

IMPORTANT NOTICE TO INVESTORS

This Offering Circular includes certain information given in compliance with the rules of the LFX. The Issuer and the Original Guarantors collectively and individually accept full responsibility for the accuracy of the information contained in this Offering Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Issuer and the Original Guarantors confirm, having made all reasonable enquiries, that: the statements contained in this Offering Circular relating to the Issuer, the Guarantors and Sarawak are in all material respects true and accurate and not misleading; the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the Guarantors and Sarawak are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; this Offering Circular does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading and all reasonable enquiries have been made by the Issuer and the Original Guarantors to ascertain such facts and to verify the accuracy of all such information and statements. The Issuer and the Original Guarantors accept responsibility accordingly.

Information contained in this Offering Circular in the section “*Overview of Malaysia*” was derived from publicly available information. Accordingly, none of the Issuer, the Original Guarantors, GSI, the Note Trustee or the Agents accept responsibility for the accuracy of such information nor have the Issuer, the Original Guarantors, GSI, the Note Trustee or the Agents independently verified any such information. The Issuer and the Original Guarantors confirm that this information has been accurately reproduced, and so far as the Issuer and the Original Guarantors are aware and are able to ascertain from information available from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, statistical information included in the section “*Overview of Malaysia*” (the “**Malaysia Information**”) is sourced from official data regarding Malaysia publicly available from the Government at the date of this Offering Circular. Financial data provided in the Malaysia Information may be subsequently revised from time to time by the Government in accordance with Malaysia’s ongoing maintenance, collection and verification of data regarding Malaysia, and such revised data will not be distributed by the Issuer to any holder of the Notes.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantors, GSI, the Note Trustee or the Agents (each as defined herein) to subscribe or purchase any of the Notes in any jurisdiction where such offer or sale is not permitted. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Original Guarantors, GSI, the Note Trustee and the Agents to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and transfers of Notes and the distribution of this Offering Circular, see “*Distribution Plan, Activities of GSI and Transfer Restrictions*”.

No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Guarantors, GSI, the Note Trustee or the Agents. The information in this Offering Circular is accurate only on the date of this Offering Circular. Neither delivery of this Offering Circular at any time subsequent to the date hereof nor any sale made in connection herewith shall, under any circumstances, create any implication that the information contained herein is correct as at any time subsequent to the date hereof. None of GSI, the Note Trustee or the Agents has separately verified the information contained in this Offering Circular. Accordingly, no representation or warranty, express or implied, is made by GSI, the Note Trustee or the Agents or any of their respective affiliates or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by GSI, the Note Trustee or the Agents or their respective affiliates or advisers.

Each person accepting delivery of this Offering Circular or purchasing the Notes acknowledges that:

- it has been afforded an opportunity to request from the Issuer, the Original Guarantors, GSI, the Note Trustee and the Agents, and it has received, all additional information considered by it to be necessary to verify the accuracy of the information herein;
- it has not relied on any of GSI, the Note Trustee or the Agents or any person affiliated with GSI, the Note Trustee or the Agents in connection with its investigation of the accuracy of the information contained in this Offering Circular or its investment decision; and
- no person has been authorised to give any information or to make any representation concerning the Notes other than as contained in this Offering Circular and, if given or made, such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantors, GSI, the Note Trustee or the Agents.

GSI has agreed that it has not offered or sold and will not offer or sell the Notes to any person within Malaysia. The Issuer has agreed that it has not offered or sold and will not offer or sell the Notes to any person within Malaysia other than (A) a Labuan company or foreign Labuan company, as defined under the Labuan Companies Act, which (i) is licensed to carry on Labuan banking business or Labuan insurance business, as defined under the Labuan Financial Services and Securities Act 2010, or (ii) is a corporation with total net assets exceeding RM10 million or its equivalent in foreign currencies based on its last audited accounts; and (B) by way of an offer which constitutes an excluded offer for the purposes of section 8(5) of the Labuan Financial Services and Securities Act 2010.

The Notes are being sold outside the United States in reliance on Regulation S. The Notes and the Guarantees have not been and will not be registered under the Securities Act and, subject to certain exceptions, the Notes may not be offered or sold within the United States. See *“Distribution Plan, Activities of GSI and Transfer Restrictions”*.

The LFX takes no responsibility for the contents of this Offering Circular, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Offering Circular. Admission to the official list of the LFX and trading on its market is not to be taken as an indication of the merits of the Issuer, the Guarantors and/or any of their respective associated companies, or of the Notes and the Guarantees. Admission of the Notes to the official list of the LFX and trading on its market are not conditions precedent to the issuance of the Notes. Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, an investor should consult his or her advisers.

In making an investment decision, prospective investors must rely on their own examination of the Issuer, the Guarantors and the terms of the Notes, the Guarantees and the other Transaction Documents. None of the Issuer, the Guarantors, GSI, the Note Trustee or the Agents make any representation to any purchaser of Notes regarding the legality of any investment in the Notes by such purchaser under any laws or regulations. The contents of this Offering Circular should not be construed as providing legal, business, accounting or investment advice. Additionally, there may be a tax or regulatory impact of investing in the Notes. None of the Issuer, the Guarantors, GSI, the Note Trustee or the Agents provides any opinion on these issues and any prospective investor should consult with its own financial, tax and accounting advisors prior to investing in the Notes.

CERTAIN DEFINED TERMS AND CONVENTIONS

References herein to **“Malaysia”** are to the Federation of Malaysia, including for the avoidance of doubt, the State of Sarawak and the Federal Territory of Labuan. References herein to **“Sarawak”** and the **“State”** are to the State of Sarawak, references to the **“State Financial Secretary”** are to the State Financial Secretary of the State of Sarawak acting on behalf of the State Government of Sarawak, and references to **“Labuan”** are to the Federal Territory of Labuan. References to the **“Government”** are to the Federal Government of Malaysia. References to the **“United Kingdom”** are to the United Kingdom of Great Britain and Northern Ireland. Capitalised terms used in this Offering Circular but not defined in this section have the meanings given to them elsewhere in this Offering Circular. Unless otherwise specified or the context requires, references to **“dollars”**, **“U.S. dollars”**, **“U.S.\$”** and **“cents”** are to the lawful currency of the United States of America and references to **“Ringgit”** and **“RM”** are to the lawful currency of Malaysia.

FORWARD LOOKING STATEMENTS

This Offering Circular includes, and any accompanying offering circular supplement may include, forward-looking statements. All statements other than statements of historical fact included in this Offering Circular and any offering circular supplement regarding, among other things, Malaysia's and Sarawak's economy, fiscal condition, debt or prospects and the Issuer's and the Guarantors' business may constitute forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue", or similar terminology. Although the Issuer and the Original Guarantors believe that the expectations reflected in such forward-looking statements are reasonable at this time, there can be no assurance that these expectations will prove to be correct.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain figures included in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly, and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

The Issuer was incorporated on 20 April 2011. As a newly-incorporated company, the Issuer has not yet produced any financial statements and none are included in this Offering Circular. The Issuer will issue its first audited financial statements as of, and for the year ended, 31 December 2011. HoldCo Guarantor was incorporated on 21 April 2011. As a newly-incorporated company, HoldCo Guarantor has not yet produced any financial statements and none are included in this Offering Circular. HoldCo Guarantor will issue its first audited financial statements as of, and for the year ended, 31 December 2011.

Solely for the convenience of the reader, this Offering Circular contains translations of certain Ringgit amounts into U.S. dollars and *vice versa* at the exchange rate of RM 3.0075 to U.S.\$1.00, which was the published rate of exchange of the Ringgit against the U.S. dollar as published by Bank Negara Malaysia ("**BNM**"), Malaysia's central bank, on 21 April 2011. No representation is made that the Ringgit or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Ringgit, as the case may be, at any particular rate or at all. The published rate of exchange of the Ringgit against the U.S. dollar as published by BNM on 15 June 2011 was RM 3.03 to U.S.\$1.00. See "*Exchange Rate Information*" for further information regarding the rate of exchange between U.S. dollars and Ringgit.

ENFORCEABILITY OF CIVIL LIABILITIES

The Issuer and SII Guarantor are incorporated in the Federal Territory of Labuan, Malaysia, SGOS Guarantor and HoldCo Guarantor are incorporated in Malaysia, and the State is a member state of Malaysia. Substantially all the assets of the Issuer and the Guarantors and the assets of their respective directors and executive officers and of the State are located in Malaysia. For certain information regarding the enforcement of liabilities arising under the Notes against the Issuer and the Guarantors, see "*Risk Factors — Risks Relating to the Notes — Enforcement in Malaysian courts of a judgment of an English court in respect of the Notes and the Guarantees may be subject to uncertainty*". For certain information regarding the enforcement of liabilities arising under the Annex Letter against the State, see "*Risk Factors — Risk Relating to the Annex Letter*".

The Issuer is subject to civil and commercial law with respect to its obligations under the Note Trust Deed, the On-Loan Agreement, the Issuer Security Deed, the Notes, the Agency Agreement, the Trust Fund Reserve Account Agreement (as each such term is defined herein) and any other agreements and documents delivered or executed in connection with this Offering to which it is a party (the "**Issuer Documents**"). The execution, delivery and performance of the Issuer's obligations under the Issuer Documents constitute commercial acts. Under Malaysian Federal laws and the State laws of Sarawak, the Issuer and its assets do not have the benefit of any sovereign immunity from jurisdiction of any court or any legal process.

HoldCo Guarantor is subject to civil and commercial law with respect to its obligations under the Note Trust Deed, the On-Loan Agreement, the Agency Agreement, the Trust Fund Reserve Account Agreement and any other agreements and documents delivered or executed in connection with this Offering to which it is a party (the "**HoldCo Documents**"). The execution, delivery and

performance of HoldCo Guarantor's obligations under the HoldCo Documents constitute commercial acts. Under Malaysian Federal laws and the State laws of Sarawak, HoldCo Guarantor and its assets do not have the benefit of any sovereign immunity from jurisdiction of any court or any legal process.

SGOS Guarantor is (or, in the case of the Deed of Accession and Release, when the Deed of Accession and Release is executed by it, will be) subject to civil and commercial law with respect to its obligations under the Note Trust Deed, the Agency Agreement, the Deed of Accession and Release and any other agreements and documents delivered or executed in connection with this Offering to which it is a party (the "**SGOS Documents**"). The execution, delivery and performance of SGOS Guarantor's obligations under the SGOS Documents constitute commercial acts. Under Malaysian Federal laws and the State laws of Sarawak, SGOS Guarantor and its assets do not have the benefit of any sovereign immunity from jurisdiction of any court or any legal process.

SII Guarantor will, upon the Deed of Accession and Release being entered into and becoming effective, be subject to civil and commercial law with respect to its obligations under the Deed of Accession and Release and any other agreements and documents delivered or executed in connection with the Notes to which it is a party (the "**SII Documents**"). The execution, delivery and performance of SII Guarantor's obligations under the SII Documents will constitute commercial acts. Under Malaysian Federal laws and the State laws of Sarawak, SII Guarantor and its assets do not have the benefit of any sovereign immunity from jurisdiction of any court or any legal process.

SIL is subject to civil and commercial law with respect to its obligations under the SIL Deed (as such term is defined herein) and the SIL Account Agreement and any other agreements and documents delivered or executed in connection with this Offering to which it is a party (the "**SIL Documents**" and, together with the Issuer Documents, the HoldCo Documents, the SGOS Documents and the SII Documents, the "**Transaction Documents**"). The execution, delivery and performance of SIL's obligations under the SIL Documents constitute commercial acts. Under Malaysian Federal laws and the State laws of Sarawak, SIL and its assets do not have the benefit of any sovereign immunity from jurisdiction of any court or any legal process.

Under the Annex Letter, the State Government of Sarawak has submitted to the exclusive jurisdiction of the English courts.

Generally, as the United Kingdom is a reciprocating country, any judgment obtained against the State, the Issuer and any Guarantor in any of the superior courts of the United Kingdom or other reciprocating countries as listed in the Reciprocal Enforcement of Judgments Act, 1958 ("**REJA**") (other than a judgment of such a court given on appeal from a court which is not a superior court) can be registered in the relevant High Court in Malaysia within six years (or in the case of a judgment obtained against the State in relation to any act done in pursuance or execution or intended execution of any written law or of any public duty or authority or in respect of any alleged neglect or default in the execution of any such written law, duty or authority, within three years) of the date of such judgment (or where there have been proceedings by way of appeal against the judgment, after the date of the last judgment given in those proceedings) if such judgment:

- (a) is final and conclusive as between the parties;
- (b) is for a sum of money not being a sum payable in respect of taxes or other charges of a like nature, or in respect of a fine or other penalty;
- (c) has not been wholly satisfied; and
- (d) could be enforced by execution in the country of the original court giving the judgment.

Such a judgment will, upon registration in accordance with the provisions of the REJA, be recognised and enforced by the courts in Malaysia without re-examination of the issues. As a result, the Note Trustee or any Noteholder who has a claim against the Issuer and/or the Guarantors under any Transaction Document, and who has obtained a judgment against the Issuer and/or the Guarantors meeting the above criteria, will generally be able to register and enforce such judgment in the appropriate High Court in Malaysia, being the High Court in Malaysia having local jurisdiction over the territory in which the Issuer and/or the Guarantors has a place of business or in which any of its assets are situated. The High Court of England and Wales is, as at the date of this Offering Circular, considered to be a superior court for the purposes of the REJA.

The registration of such a judgment will, however, be set aside if the registering court is satisfied, amongst other things, that (a) the original court giving the judgment had no jurisdiction in the circumstances of the case; (b) the judgment debtor being the defendant in the original court did not receive notice of the proceedings in sufficient time to enable it to defend the proceedings and did

not appear; (c) the judgment was obtained by fraud; (d) the enforcement of the judgment would be contrary to public policy in Malaysia; (e) the judgment is preceded by a final and conclusive judgment on the matter in dispute by a court having jurisdiction in that matter; or (f) the rights under the judgment are not vested in the person by whom the application for registration was made.

In addition, where the sum payable under a judgment which is to be registered is expressed in a currency other than Malaysian currency, the judgment will be registered as if it were a judgment for such sum in Malaysian currency as would be equivalent to the sum so payable on the basis of the rate of exchange prevailing at the date of the judgment of the original court.

Enforcement of judgments against the State Government of Sarawak is further subject to the Rules of the High Court 1980 and the Government Proceedings Act 1956. The Government Proceedings Act 1956 provides that the State Government of Sarawak is obliged to satisfy monetary judgments made against it. However, there are certain limitations imposed on proceedings against the State Government of Sarawak including, *inter alia*, the prohibition against summary judgment against the State Government of Sarawak, restrictions on execution proceedings against the State Government of Sarawak and restrictions on obtaining any injunction or an order for specific performance against the State Government of Sarawak. To date and, to the best of the Issuer's knowledge, there have been no foreign judgments against the State. See "*Risk Factors — Risk Relating to the Annex Letter*".

SUMMARY OF THE OFFERING

The following summary highlights information contained elsewhere in this Offering Circular. This summary does not purport to be complete and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information and financial information appearing elsewhere in this Offering Circular and related documents referred to herein. Investors are urged to read this entire Offering Circular carefully. Reference to a "Condition" is to a numbered condition of the "Terms and Conditions of the Notes".

- Issue:.....
- (a) Class A U.S.\$302,000,000 6.628 per cent. Guaranteed and Secured Accreting Notes due 2026 (the "**Class A Notes**");
 - (b) Class B1 U.S.\$348,000,000 6.628 per cent. Guaranteed and Secured Amortising Notes due 2026 (the "**Class B1 Notes**"); and
 - (c) Class B2 U.S.\$150,000,000 6.628 per cent. Guaranteed and Secured Notes due 2026 (the "**Class B2 Notes**" and, together with the Class B1 Notes, the "**Class B Notes**").

The Class A Notes and the Class B Notes together are referred to as the "**Notes**".

Issuer:

Equisar International Incorporated (the "**Issuer**"), a special purpose company incorporated in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act, will issue the Notes. For a description of the Issuer, see "*The Issuer*".

Original Guarantors:

The "**Original Guarantors**" are (i) Equisar Sdn. Bhd. ("**HoldCo Guarantor**"), a company incorporated in Malaysia with limited liability, which wholly owns the Issuer; and (ii) SGOS Capital Holdings Sdn. Bhd. ("**SGOS Guarantor**"), a company incorporated in Malaysia with limited liability. The Original Guarantors will unconditionally and irrevocably guarantee (the "**Original Guarantees**"), on a joint and several basis, the due payment of all amounts at any time becoming due and payable by the Issuer in respect of the Notes, the Note Trust Deed and the Issuer Security Deed. The obligations of SGOS Guarantor under its guarantee (the "**SGOS Guarantee**") shall be released and discharged upon the Deed of Accession and Release being entered into and becoming effective, in accordance with the Note Trust Deed and the Deed of Accession and Release.

For a description of HoldCo Guarantor and SGOS Guarantor, see "*HoldCo Guarantor*" and "*SGOS Guarantor*" respectively.

SII Guarantor:.....

Upon the Deed of Accession and Release being entered into and becoming effective, Sarawak International Incorporated ("**SII Guarantor**"), a special purpose company incorporated in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act, will unconditionally and irrevocably guarantee (the "**SII Guarantee**"), on a joint and several basis with HoldCo Guarantor, the due payment of all amounts at any time becoming due and payable by the Issuer in respect of the Notes, the Note Trust Deed and the Issuer Security Deed.

For a description of SII Guarantor, see "*SII Guarantor*".

State Government of Sarawak:....	<p>The State Government of Sarawak (the “Depositor”), which indirectly wholly owns the Issuer and SII Guarantor and wholly owns the Original Guarantors, will, pursuant to the Annex Letter (as described further below under “<i>Annex Letter</i>”), agree to make certain contributions to “Government Contributions Towards Approved Agencies Trust Fund” (the “Government Fund”) and to procure such monies are paid to the Trust Fund Reserve Account from time to time. Such monies will be used by the Issuer for payments under the Notes.</p> <p>The Annex Letter does not constitute a guarantee or letter of support by the State Government of Sarawak of the obligations of the Issuer or the Guarantors in respect of the Notes.</p>
Closing Date:.....	On or about 27 June 2011.
Issue Prices:.....	<p>Class A Notes: 177.674281 per cent.</p> <p>Class B1 Notes: 32.593009 per cent.</p> <p>Class B2 Notes: 100 per cent.</p> <p>The issue prices set forth above do not include accrued interest, if any. Interest on the Notes will accrue from the Closing Date.</p>
Maturity:	15 June 2026.
Currency:.....	All Notes will be issued, and payments thereunder will be made, in U.S. dollars.
Interest:	<p>The Notes will bear interest at the following rates of interest on the outstanding principal amount of the Notes:</p> <p>Class A Notes: 6.628 per cent. per annum</p> <p>Class B1 Notes: 6.628 per cent. per annum</p> <p>Class B2 Notes: 6.628 per cent. per annum</p> <p>in each case, on the then outstanding principal amount (for the avoidance of doubt, subject to adjustments made in accordance with Condition 7.1 (<i>Adjustment of outstanding principal amounts of the Notes</i>)) of the Notes as at the end of the applicable Interest Period. See “<i>Terms and Conditions of the Notes — Interest</i>”.</p>
Interest Payment Date:	Interest on the Notes is payable semi-annually in arrear on 15 June and 15 December in each year, commencing on 15 December 2011.

Adjustment of outstanding principal amounts of the Class A Notes and the Class B1 Notes:

Unless previously redeemed, the original aggregate principal amount of the Class A Notes and Class B1 Notes shall be adjusted on the dates set forth below (each, an “**Adjustment Date**”) to the relevant adjusted aggregate principal amount specified below, provided that (i) if the Calculation Agent determines that a Possible Potential Event of Default or Potential Event of Default has occurred on or prior to the relevant Adjustment Date and (ii) notice of such determination has been given to the Issuer and the Principal Agent by 5.00 p.m. (London time) on such Adjustment Date, no adjustment shall be made on such Adjustment Date (or if an adjustment has been made on such Adjustment Date, such adjustment shall be reversed forthwith); and provided further that if the Calculation Agent determines that such Possible Potential Event of Default or Potential Event of Default has subsequently ceased to be continuing and no Event of Default has occurred, it shall give notice of such determination to the Issuer and the Principal Agent and the aggregate outstanding principal amount of the Class A Notes and Class B1 Notes shall then be adjusted retrospectively as of the relevant Adjustment Date, without adjustment to any interest which may have been paid based on the unadjusted outstanding principal amount of the Class A Notes and Class B1 Notes that would have been adjusted if the relevant Possible Potential Event of Default or Potential Event of Default had not occurred and been continuing.

<u>Adjustment Date</u>	Principal amount outstanding after adjustment on such Adjustment Date in respect of Class A Notes	Principal amount outstanding after adjustment on such Adjustment Date in respect of Class B1 Notes
15 June 2016	U.S.\$397,000,000	U.S.\$253,000,000
15 June 2017	U.S.\$463,000,000	U.S.\$187,000,000
15 June 2018	U.S.\$530,000,000	U.S.\$120,000,000
15 June 2019	U.S.\$597,000,000	U.S.\$53,000,000
15 June 2020	U.S.\$640,000,000	U.S.\$10,000,000

For the avoidance of doubt, the Class B2 Notes shall not be subject to any adjustment pursuant to Condition 7.1.

Redemption:

Unless previously redeemed, the Notes will be redeemed on the Maturity Date at their principal amount outstanding as at the Maturity Date.

Optional Tax Redemption:

The Notes may be redeemed, at the option of the Issuer, in whole but not in part, at their then outstanding principal amount plus accrued but unpaid interest to the date of optional redemption if, as a result of certain changes in the laws or regulations affecting Malaysia (including Sarawak and Labuan), the Issuer (or, if any Guarantee was called, the relevant Guarantor) has or will become obliged to pay additional amounts in respect of certain taxes. See “*Terms and Conditions of the Notes — Adjustment of Principal and Redemption — Redemption for taxation reasons*”.

No repurchase:.....	None of the Issuer, the Guarantors or any of their respective Subsidiaries may at any time purchase the Notes in the open market or otherwise at any price.
Form and Denomination:	The Class A Notes and Class B1 Notes will be issued in registered form in denominations of U.S.\$1,000,000 each. The Class B2 Notes will be issued in registered form in denominations of U.S.\$1,000,000 with integral multiples of U.S.\$100,000 thereafter. The Class A Notes, Class B1 Notes and Class B2 Notes will each be represented by a Global Certificate in registered form without interest coupons which will be registered in the name of a nominee of, and deposited with a common depository for, Euroclear and Clearstream, Luxembourg. Interests in each Global Certificate will be exchangeable for Individual Certificates in the limited circumstances set out in the relevant Global Certificate.
Status of the Notes and the Guarantees:	<p>The Notes constitute direct, unconditional, secured and unsubordinated obligations of the Issuer and will at all times rank <i>pari passu</i> among themselves and at least <i>pari passu</i> with all other present and future unsubordinated obligations of the Issuer, without any preference among themselves, save that the Class A Notes shall have priority over the Class B Notes in the Post-Enforcement Priority of Payments in respect of the security over the Fixed Mortgaged Property and save for such exceptions as may be provided by applicable laws relating to creditors' rights.</p> <p>The payment obligations of the Guarantors under the Guarantees (or, in the case of SII Guarantor, will upon the Deed of Accession and Release being entered into and becoming effective) constitute direct, unsecured (subject in the case of HoldCo Guarantor to Condition 4 (<i>Covenants</i>)) and unsubordinated obligations of the Guarantors on a joint and several basis which will at all times rank at least <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Guarantors, save for such exceptions as may be provided by applicable laws relating to creditors' rights.</p>
Deed of Accession and Release: .	<p>A deed to be entered into between, <i>inter alios</i>, the Issuer, SGOS Guarantor, 2015 Notes Issuer and the Note Trustee, which provides that, upon it being entered into and becoming effective:</p> <p>(a) 2015 Notes Issuer shall accede to each Transaction Document (where applicable) as a guarantor (and, for the avoidance of doubt, 2015 Notes Issuer shall thereupon unconditionally and irrevocably guarantee (the "SII Guarantee"), on a joint and several basis with HoldCo Guarantor, (i) the due payment of all principal, premium and interest and all other amounts expressed to be payable by the Issuer under the Issuer Security Deed, the Note Trust Deed and the Notes and (ii) the due performance of all the Issuer's obligations under the Issuer Security Deed, the Note Trust Deed and the Notes); and</p>

(b) SGOS Guarantor shall cease to be a Guarantor and all obligations of SGOS Guarantor as a guarantor accrued following the date on which the Deed of Accession and Release becomes effective shall be released and discharged in full.

Negative Pledge and Other

Covenants:

For a description of the negative pledge and other covenants applicable to the Issuer and HoldCo Guarantor, see “*Terms and Conditions of the Notes — Covenants*”.

Potential Events of Default:

For a description of the Potential Events of Default that may result in a Fund Acceleration Event, see “*Terms and Conditions of the Notes — Potential Events of Default*”.

Consequences of a Potential

Event of Default:

If a Potential Event of Default occurs, the Issuer or the relevant Guarantor must promptly after becoming aware of it notify the Note Trustee, the Depositor and the Calculation Agent in writing (specifying details of it) and the Issuer shall promptly notify Noteholders of the occurrence of the Potential Event of Default in accordance with Condition 12. Notwithstanding the foregoing, the Calculation Agent may (but is not obliged to) independently notify the Issuer, the Guarantors, the Note Trustee, the Depositor and the Noteholders of the occurrence of a Potential Event of Default relating to the occurrence of an “Early Termination Date” under the SIL Swap Agreement (as described in Condition 10.1.13 (*Potential Events of Default*)). If a Potential Event of Default occurs, the Calculation Agent shall, if so requested in writing by the holders of not less than 50 per cent. of the then outstanding principal amount of the Class A Notes for so long as the Class A Notes remain outstanding (and by the holders of not less than 50 per cent. of the then outstanding principal amount of each Class of the Class B Notes if the Class A Notes are no longer outstanding) or if so directed by an Extraordinary Resolution of each Class of Noteholders, give a written instruction to the Issuer and HoldCo Guarantor that the Potential Event of Default shall be treated as a Fund Acceleration Event and the Issuer and HoldCo Guarantor shall procure that a Balancing Payment be paid in accordance with the terms of the Annex Letter.

Events of Default:

An Event of Default occurs if a Fund Acceleration Event has occurred under the Annex Letter and the Balancing Payment is not paid into the Trust Fund Reserve Account within 10 Payment Business Days (as defined in Condition 6.7 (Payment Business Day)) after the same shall become due and payable.

See “*Terms and Conditions of the Notes — Events of Default*”.

Consequences of an Event of Default:.....

If any Event of Default occurs and is continuing, then the Note Trustee at its discretion may, and if so requested in writing by the holders of not less than 50 per cent. of the then outstanding principal amount of the Class A Notes for so long as the Class A Notes remain outstanding (and by the holders of not less than 50 per cent. of the then outstanding principal amount of each Class of the Class B Notes, if the Class A Notes are no longer outstanding) or if so directed by an Extraordinary Resolution of each Class of Noteholders shall (subject, in each case, to its being indemnified and/or secured and/or prefunded to its satisfaction) give notice to the Issuer and the Guarantors (with a copy to the Calculation Agent, the Registrar and the Paying Agent) that the Notes are immediately due and payable whereupon they shall become immediately due and payable at their then outstanding principal amount together with interest accrued to the date of repayment. Notwithstanding the foregoing, if any Event of Default occurs and is continuing, the Calculation Agent shall, if so requested in writing by the holders of not less than 50 per cent. of the then outstanding principal amount of the Class A Notes for so long as the Class A Notes remain outstanding (and by the holders of not less than 50 per cent. of the then outstanding principal amount of each Class of the Class B Notes if the Class A Notes are no longer outstanding) or if so directed by an Extraordinary Resolution of each Class of Noteholders, give notice to the Issuer and the Guarantors (with a copy to the Note Trustee, the Registrar and the Paying Agent) that the Notes are immediately due and payable whereupon they shall become immediately due and payable at their then outstanding principal amount together with interest accrued to the date of repayment. Failure to give or any delay in giving notice to the Registrar or the Paying Agent does not affect the validity of a notice given to the Issuer and each Guarantor.

Substitution:.....

(a) Any Guarantor or any other company which is directly or indirectly wholly-owned by the State of Sarawak may assume the obligations of the Issuer as principal debtor under the Note Trust Deed and the Notes; and

(b) any company which is directly or indirectly wholly-owned by the State of Sarawak may assume the obligations of any Guarantor as a guarantor under the Note Trust Deed and the Notes,

provided that, except for any substitution that is an Exempt Substitution (as defined in Condition 14.2 (*Exempt Substitution*)), such substitution is approved in writing by the holders of 100 per cent. of the then outstanding principal amount of the Notes of all Classes; and

provided always that, in respect of any substitution (including an Exempt Substitution), (i) if the Deed of Accession and Release has been entered into and has become effective, such substitution may only occur (A) where the original principal debtor is substituted by a new principal debtor (other than SII Guarantor), SII Guarantor

continues to be a guarantor in respect of the new principal debtor, or (B) where SII Guarantor ceases to be a guarantor, SII Guarantor will instead be the principal debtor of the obligations under the Note Trust Deed and the Notes; (ii) where the Issuer is substituted by a new principal debtor, the Issuer will be a guarantor in respect of the new principal debtor; and (iii) certain conditions specified in the Note Trust Deed are fulfilled. See Condition 14 (*Substitution*).

Further Issues:

The Issuer may from time to time and in accordance with the Note Trust Deed create and issue further securities either having the same terms and conditions as the Notes in all respects, or the same except for the payment of interest accruing prior to the issue date of further notes or except for the first payment of interest following the issue date of the further Notes, which may be consolidated and form a single series with the outstanding Notes, provided that such further issue is approved in writing by the holders of 100 per cent. of the then outstanding principal amount of the Notes of all Classes. See Condition 15 (*Further Issues*).

Taxation:

All payments in respect of the Notes by or on behalf of the Issuer or any Guarantor shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction (as defined in Condition 8.2), unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer or such Guarantor, as the case may be, will pay such amounts as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions as set out in Condition 8.1 (*Payment without withholding*).

Distribution Plan, Activities of GSI and Transfer Restrictions: .

The Notes are being offered and sold only outside the United States in reliance on Regulation S. For a description of these, certain further restrictions on the offer, sale and transfer of the Notes and certain conflicts of interest relating to Goldman Sachs International, see "*Distribution Plan, Activities of GSI and Transfer Restrictions*".

GSI:

Goldman Sachs International.

Calculation Agent:.....

Goldman Sachs International.

Note Trustee:

BNY Mellon Corporate Trustee Services Limited.

Principal Paying and Transfer Agent:

The Bank of New York Mellon, London Branch (the "**Principal Agent**").

Registrar:

The Bank of New York Mellon (Luxembourg) S.A. (together with the Calculation Agent and the Principal Agent, the "**Agents**").

Account Bank:	The Bank of New York Mellon, London Branch subject to substitution in certain circumstances (the “ Account Bank ”).
Labuan Listing Sponsor:	EQ Funds Services (Asia) Limited.
Note Trust Deed:	The Notes will be constituted by a note trust deed, to be dated the Closing Date, between the Issuer, the Original Guarantors and the Note Trustee (the “ Note Trust Deed ”). Pursuant to the Note Trust Deed, the Issuer will covenant in favour of Noteholders and the Note Trustee, <i>inter alia</i> , to pay the aggregate amount that the Issuer is obliged to pay in respect of each Note in accordance with the Terms and Conditions. The obligations of the Issuer under the Note Trust Deed will be unconditionally and irrevocably guaranteed by the Original Guarantors. The Note Trustee will declare a trust in favour of the Noteholders. A payment by the Issuer or any Guarantor to the Paying Agent discharges, to the extent of that payment, the Issuer from its obligations to pay that amount to a Noteholder, except to the extent that there is failure in the subsequent payments thereof by the Paying Agent to the Noteholders.
Security:	<p>The Security for the Notes is constituted by the Issuer Security Deed, the SIL Deed and any other agreement or document from time to time designated as such by the Issuer and the Note Trustee (the “Security Documents”).</p> <p>See “<i>Security, Accounts and SIL Swap Agreement</i>”.</p>
Issuer Security Deed:	<p>The Issuer and the Note Trustee will enter into a deed to be dated the Closing Date (the “Issuer Security Deed”) in respect of the fixed security interest to be granted by the Issuer over the Trust Fund Reserve Account and its rights in respect of the Trust Fund Reserve Account Agreement. The Issuer will also grant a first floating charge over all of its assets other than the Fixed Mortgaged Property.</p> <p>See “<i>Security, Accounts and SIL Swap Agreement</i>”.</p>
SIL Swap Agreement and SIL Swap Account:	<p>J. Aron & Company (Singapore) Pte (on behalf of J. Aron & Company (“J. Aron”)) and SGOS Investment Ltd. (“SIL”) entered into a derivative transaction with an effective date of 15 July 2009 guaranteed by The Goldman Sachs Group, Inc. and SGOS Guarantor, respectively. Subject to certain exceptions set out in Condition 10.1.13, the occurrence of an “Early Termination Date” under the SIL Swap Agreement or the termination or unwinding of the SIL Swap Agreement will constitute a Potential Event of Default under the Notes.</p> <p>Any amounts payable by J. Aron under the SIL Swap Agreement will be paid (pursuant to an irrevocable instruction from SIL) into the SIL Swap Account. Withdrawals from the SIL Swap Account may only be made by SIL in accordance with the terms of the SIL Account Agreement.</p> <p>See “<i>Security, Accounts and SIL Swap Agreement</i>”.</p>

SIL Account Agreement:	SIL, the Note Trustee, the Calculation Agent and the Account Bank will enter into an account agreement relating to the establishment and maintenance of the SIL Swap Account, to be dated the Closing Date (the “ SIL Account Agreement ”).
SIL Deed:	<p>SIL and the Note Trustee will enter into a deed to be dated the Closing Date (the “SIL Deed”) in respect of the fixed security interest to be granted by SIL over the SIL Swap Account and its rights in respect of the SIL Account Agreement.</p> <p>See “<i>Security, Accounts and SIL Swap Agreement</i>”.</p>
Annex Letter:	<p>The State, acting through the State Financial Secretary, will issue on the Closing Date an annex letter (the “Annex Letter”) in favour of the Issuer, HoldCo Guarantor and SGOS Guarantor.</p> <p>In the Annex Letter, the State will confirm, <i>inter alia</i>, that, in consideration of the Issuer issuing the Notes, it agrees to make certain contributions to the Government Fund, and to procure such monies are paid to the Trust Fund Reserve Account.</p> <p>See “<i>Security, Accounts and SIL Swap Agreement</i>”.</p>
Agency Agreement:	The Issuer, the Original Guarantors, the Note Trustee, the Principal Agent, the Registrar, the Calculation Agent and the other agents referred to therein will enter into an Agency Agreement relating to the Notes, to be dated the Closing Date.
Trust Fund Reserve Account Agreement:.....	The Issuer, HoldCo Guarantor, the Note Trustee, the Principal Agent, the Calculation Agent and the Account Bank will enter into an account agreement relating to the Trust Fund Reserve Account, to be dated the Closing Date (the “ Trust Fund Reserve Account Agreement ”).
Trust Fund Reserve Account:	<p>So long as any Note remains outstanding, the Issuer shall at all times maintain a U.S. dollar denominated account with the Account Bank (the “Trust Fund Reserve Account”). Subject to the provisions set out in the Transaction Documents, such funds may be used to invest in Eligible Investments if so approved in writing by the holders of 100 per cent. of the then outstanding principal amount of the Class A Notes for so long as the Class A Notes remain outstanding (and by the holders of 100 per cent. of the then outstanding principal amount of each Class of the Class B Notes if the Class A Notes are no longer outstanding).</p> <p>See “<i>Security, Accounts and SIL Swap Agreement</i>”.</p>

Eligible Investments:.....	<p>“Eligible Investments” means: (i) an investment in any US dollar denominated note, fund or other instrument arranged by Goldman Sachs International or its affiliate under which the Issuer will receive periodic payment(s) and which has a rating (as to such instrument or the obligor or guarantor thereof) by the Rating Agency of at least equivalent to the Minimum Credit Rating as determined by the Calculation Agent; or (ii) cash in US dollar fixed deposits with a financial institution having a rating by the Rating Agency at least equivalent to the Minimum Credit Rating as determined by the Calculation Agent, in each case, having a maturity date before the Maturity Date.</p>
Rating Agency:	<p>Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. or any successor thereto.</p>
On-Loan Agreement:	<p>The Issuer and HoldCo Guarantor will enter into an on-loan agreement (the “On-Loan Agreement”) dated on or about the Closing Date under which the Issuer will on-lend the proceeds of the issue of the Notes, net of certain expenses, to HoldCo Guarantor in return for, <i>inter alia</i>, semi-annual interest payments and principal repayment at maturity.</p>
Transaction Documents:	<p>“Transaction Documents” means the executed versions of all the documents relating to the issue of the Notes, comprising, the Note Trust Deed (including the Conditions and the Original Guarantees), the Issuer Security Deed, the Agency Agreement, the Annex Letter, the On-Loan Agreement, the Trust Fund Reserve Account Agreement, the SIL Deed, the SIL Account Agreement, the Arranger Agreement, the Deed of Accession and Release, the Certificates and such other agreements as may be set out in the Note Trust Deed as each may be amended and/or supplemented from time to time.</p>
Use of Proceeds:	<p>The proceeds of the issue of the Notes, net of certain expenses, will be lent to HoldCo Guarantor pursuant to the On-Loan Agreement and applied as set out under <i>“Use of Proceeds”</i>.</p>
Risk Factors:	<p>Prospective investors should carefully consider, before deciding to invest, risks associated with an investment in the Notes.</p> <p>See <i>“Risk Factors”</i> for a summary of certain risks associated with investing in the Notes.</p>
Listing:	<p>Application has been made to list the Notes on the LFX. There can be no assurance, however, that the Issuer’s listing application will be approved, and if approved, that listing of the Notes will be maintained. Admission of the Notes to the official list of the LFX and trading on its market are not conditions precedent to the issuance of the Notes.</p>
Rating:.....	<p>The Notes are expected to be rated “A-” by Standard & Poor’s. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision or withdrawal at any time by the assigning rating agency.</p>

Governing Law:

The Transaction Documents will be governed by English law (save for the On-Loan Agreement which will be governed by Malaysian law).

RISK FACTORS

*In evaluating a possible purchase of the Notes, prospective investors should carefully evaluate, consider and analyse all of the information contained in this Offering Circular and, in particular, the risk factors described below. The risks and uncertainties described below are not the only risks and uncertainties faced by the “**Issuer Group**” (being the Issuer, any Guarantor and the State Government of Sarawak and together with any of their respective affiliates). Additional risks and uncertainties unknown or currently considered immaterial by the Issuer Group may also impair or adversely affect the Issuer Group’s ability to make payments on the Notes as they become due. Any of the risks described below could result in an insufficiency of funds in the Issuer and the Guarantors and therefore could materially and adversely affect the ability of the Issuer to make payments on the Notes as they become due or on the ability of any Guarantor to make payments under their respective Guarantees. In that event, the market price and liquidity of the Notes could be materially adversely affected, and Noteholders could lose all or part of their investment in the Notes.*

RISKS RELATING TO THE ISSUER GROUP

General — Limitations of this Offering Circular

This Offering Circular does not purport to, nor does it, contain all information in relation to the Issuer, the Guarantors or the State that a prospective investor may deem material to an investment decision.

This Offering Circular is not intended to provide all information in relation to the Issuer, the Guarantors or the State that a prospective investor may deem material to an investment decision, nor is it intended to provide the basis of any credit or other evaluation and it should not be considered as a recommendation by any person that any recipient of this Offering Circular should subscribe for or purchase any of the Notes. Each person receiving this Offering Circular acknowledges that such person has not relied on any of the Issuer, the Guarantors, GSI, the Note Trustee or the Agents or any person affiliated with any of them in connection with its investigation of the accuracy of the information contained herein or of any additional information considered by it to be necessary in connection with its investment decision. Any recipient of this Offering Circular contemplating subscribing for or purchasing any of the Notes should determine for itself the relevance and sufficiency of the information contained herein and its investment decision should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the terms and conditions of the Notes and the other Transaction Documents, the prospects and creditworthiness of, the Issuer, the Guarantors, the State and any other factors relevant to its decision, including the risks involved.

In particular, recipients of this Offering Circular should note that the latest extracted audited financial information of the State set out herein is as at or for the years ended 31 December 2008 and 31 December 2009. The extracted financial information as at or for the year ended 31 December 2010 set out herein is based on unaudited statements. No financial statements of the State for any subsequent interim period have been prepared or are available on an audited or unaudited basis. The State does not prepare interim financial statements, and no such interim financial statements have been prepared by the State for inclusion herein.

No historical financial statements with regard to SGOS Guarantor or SII Guarantor are included in this Offering Circular, and none are available with regard to the Issuer or HoldCo Guarantor.

Risk Relating to the Annex Letter

The Notes are not general or direct obligations of the State and the Annex Letter does not constitute a guarantee or letter of support by the State and there may be limitations on its enforceability. As a result, the assets of the State are not available to Noteholders.

The Notes offered will be issued by the Issuer and guaranteed by the Guarantors (and, in the case of SII Guarantor, following the Deed of Accession and Release being entered into and becoming effective), each of which is ultimately wholly owned by the State. Under the Annex Letter, the State has agreed to make certain contributions to the Government Fund, and to procure such monies are paid to the Trust Fund Reserve Account. Accordingly, if the Issuer and the Guarantors are unable to satisfy their obligations in respect of the Notes, the Noteholders will be dependent on the State satisfying its obligations under the Annex Letter. Notwithstanding the foregoing, the Notes

will not constitute general or direct obligations of the State and the Annex Letter does not constitute a guarantee or letter of support by the State Government of Sarawak of the obligations of the Issuer or the Guarantors in respect of the Notes. As a result the assets of the State are not available to Noteholders.

Investors should note that although the Annex Letter is not addressed to the Note Trustee, the Note Trustee, as trustee for the Noteholders, has been granted a floating charge under the Issuer Security Deed. The floating charge will automatically crystallise into a fixed charge, over the assets of the Issuer at the time of crystallisation, *inter alia*, upon the occurrence of an Event of Default under the Notes. Upon crystallisation of the floating charge into a fixed charge and enforcement of the fixed charge, the Note Trustee may appoint a receiver under the Issuer Security Deed, who is an agent of the Issuer and, to the extent possible (see below), such receiver will seek to enforce the rights of the Issuer against the State under the Annex Letter. Because the Note Trustee only has rights to enforce the Annex Letter indirectly pursuant to the floating charge, there could be delays in such enforcement and its right to enforce may be challenged.

If the State Government of Sarawak fails to make the requisite contributions pursuant to the terms of the Annex Letter, proceedings may be brought by any addressee of the Annex Letter or a receiver of the Issuer against the State Government of Sarawak in respect of such contributions under the Annex Letter. However, a claim under the Annex Letter would be for damages for breach of contract and not a debt claim for a pre-agreed or set amount.

The State is obliged to satisfy monetary judgments made against it but no execution proceedings can be brought against the State. Accordingly, if a judgment is obtained against the State, such judgment cannot be enforced against the assets of the State. Any failure of such a judgment to be successfully enforced against the State Government of Sarawak in respect of the Annex Letter may materially and adversely affect the ability of Noteholders to receive payments under the Notes.

Under the Annex Letter, the State Government of Sarawak has waived any immunity from suit or jurisdiction of any court. The Annex Letter is governed by English law and the courts of England are to have exclusive jurisdiction over any disputes which may arise out of or in connection with the Annex Letter. The State has irrevocably submitted to the exclusive jurisdiction of the English courts. Accordingly any proceedings arising out of or in connection with the Annex Letter may only be brought in such courts.

Risks Relating to the Issuer and the Guarantors

The Issuer and the Guarantors, and to a large extent their activities, are materially affected by the legal and regulatory environment in Malaysia, which differs from that which prevails in other countries.

The Issuer and SII Guarantor are incorporated under the laws of Malaysia applicable in Labuan in accordance with the provisions of the Labuan Companies Act, and SGOS Guarantor and HoldCo Guarantor are incorporated under the Companies Act, 1965 of Malaysia (the “**Companies Act**”). Each of the Issuer and the Guarantors are subject to regulation by governmental and regulatory authorities in Malaysia (including governmental and regulatory authorities of Labuan and Sarawak) with respect to this offering and generally. In addition, the Issuer and SII Guarantor are indirectly wholly owned by, and SGOS Guarantor and HoldCo Guarantor are directly wholly owned by, the State Government of Sarawak. As a result, the prospects and business activities of the Issuer and the Guarantors are substantially affected by regulations, decisions and policies of governmental and regulatory authorities in Malaysia, including in particular the State.

The Issuer and the Guarantors have no business operations or substantial assets or income and are dependent upon the State.

The Issuer was incorporated on 20 April 2011, as a special purpose vehicle established for the purposes summarised in “*The Issuer — General*”. HoldCo Guarantor was incorporated on 21 April 2011, as a financing vehicle of the State established for the purposes of the Notes and to carry out certain related functions. See further “*The Issuer — Material Contracts and Business Activities*” and “*HoldCo Guarantor — Material Contracts and Business Activities*”. As such, both the Issuer and HoldCo Guarantor are newly formed entities and neither has any significant operating history or

significant income or assets other than, in the case of the Issuer, its rights pursuant to an arrangement between the Issuer and HoldCo Guarantor whereby the proceeds from the issue of the Notes, net of certain expenses, will be on-lent by the Issuer to HoldCo Guarantor (the “**On-Loan**”). See “*Use of Proceeds*” and “*The State Government of Sarawak — Background to the Issuance of the Notes*”.

SII Guarantor was incorporated on 14 June 2005, as a special purpose vehicle established for the purposes summarised in “*SII Guarantor — General*”. As such, SII Guarantor has no significant income or assets other than its rights pursuant to an arrangement between SII Guarantor and SGOS Guarantor whereby the proceeds from the issue of the 2015 Notes, net of certain expenses, were on-lent by SII Guarantor to SGOS Guarantor (the “**2015 Notes On-Loan Agreement**”). Upon repayment of the 2015 Notes, SII Guarantor is not expected to have any substantial assets and therefore the value of the SII Guarantee to the Noteholders as credit enhancement will be limited. The SII Guarantee may enable parties to buy and sell credit protection on the basis of credit default swaps with SII Guarantor as the reference entity. SGOS Guarantor was incorporated on 10 December 2004, as a financing vehicle of the State whose main business activity is holding strategic assets on behalf of the State. As SGOS has no significant assets, the value of the SGOS Guarantee to the Noteholders as credit enhancement may be limited. Accordingly, investors should assess the value of the SII Guarantee and the SGOS Guarantee taking into account the limitations set out above.

The Issuer will rely indirectly on the State for sufficient funds to meet all payments due on the Notes. The Issuer will have no significant assets or sources of income other than the right to receive payments from HoldCo Guarantor under the On-Loan Agreement and the amounts standing to the credit of the Trust Fund Reserve Account (together with rights under the Annex Letter). The Issuer will remain dependent on the contributions made by the State pursuant to the Annex Letter to meet its repayment obligations under the Notes and to HoldCo Guarantor, which will also be reliant on financial support from the State to meet its obligations pursuant to the On-Loan Agreement and the HoldCo Guarantee. In addition, the Issuer will remain dependent on the continuing support of the State to satisfy any operating expenses incurred by, or on behalf of, it.

SII Guarantor will rely indirectly, and SGOS Guarantor will rely directly, on the State for sufficient funds to meet any payment obligations pursuant to their respective Guarantees. As SII Guarantor has no significant assets or sources of income other than the right to receive repayments from SGOS Guarantor under the 2015 Notes On-Loan Agreement, SII Guarantor will be dependent on the indirect financial support of the State to meet any payment obligations under the SII Guarantee because SGOS Guarantor will also be reliant on financial support from the State to meet all its obligations, including any payment obligations pursuant to its Guarantee.

HoldCo Guarantor will be dependent on the financial support of the State to meet its obligations pursuant to the On-Loan Agreement.

The proceeds resulting from the issuance of the Notes, net of certain expenses, will be lent by the Issuer to HoldCo Guarantor pursuant to the On-Loan Agreement. See further “*Use of Proceeds*” and “*The State Government of Sarawak — Background to the Issuance of the Notes*”. One of the principal assets of the Issuer will consist of rights to receive payments from HoldCo Guarantor under the On-Loan Agreement. HoldCo Guarantor is not expected to have sufficient cash flows to meet all payments required under the HoldCo Guarantee and the On-Loan Agreement and will rely principally on support from the State to pay obligations in respect of the On-Loan Agreement and the HoldCo Guarantee. See “*Risk Relating to the Annex Letter*”. In addition, HoldCo Guarantor will remain dependent on the continuing support of the State to satisfy any operating expenses incurred by, or on behalf of, it.

Risks Relating to Sarawak

The financial condition of the State may deteriorate.

The ability of the Issuer to meet its obligations to repay the principal value of the Notes and the interest thereon and to meet its obligations under the Notes and other Transaction Documents to which it is a party will largely be dependent on funding from the State of Sarawak. Accordingly, the Noteholders are exposed, *inter alia*, to the credit worthiness of the State of Sarawak. If the financial condition of the State deteriorates, for example, as a result of its inability to generate sufficient revenue to meet its operating and development needs, or for any other reason, the State may not

be able to support the Guarantors and/or the obligations of any other designated finance vehicles of the State including, among others, the Issuer. This could have a material adverse effect on the ability of HoldCo Guarantor to meet its payment obligations to the Issuer under the On-Loan Agreement and any payment obligations under the HoldCo Guarantee, SGOS Guarantor's and SII Guarantor's ability to meet any payment obligations under their respective Guarantees (in the case of SII Guarantor, following the Deed Accession and Release being entered into and becoming effective) and the Issuer's ability to meet its payment obligations under the Notes.

The State's revenue is substantially dependent on income derived from its natural resources.

The State's revenue is substantially dependent on its ability to derive revenue from its natural resources. In particular, oil and gas sales contribute significantly to the revenue generated by the State. In addition, the State also receives dividends and interest payments from its investments and income from taxes levied by it on sales of crude palm oil. While the Petroleum Development Act 1974 provides that the Government must compensate the State for exploiting the State's petroleum resources, and the Federal Constitution provides for import duty and excise duty on petroleum products as additional sources of revenue assigned to the State, there can be no assurance that the State will be able to sustain its revenue from its natural resources at current levels as long-term demand for such commodities may diminish and the market price of such commodities may fall. Furthermore, no assurance can be given that the State's reserves of natural resources will not significantly reduce.

Any material adverse change to the revenues that the State generates from its natural resources (including, for the avoidance of doubt, as a result of a fall in the market price of oil or gas) could affect the ability of the State to provide the Issuer and the Guarantors with the sources of funds to meet all interest and principal payments pursuant to the Conditions, as well as in respect of any other payment obligations due from time to time by any of them.

Economic downturns may materially and adversely affect the Issuer, the Guarantors and the State.

Economic downturns and conditions in the global capital markets and the general economy in Malaysia, Asia and elsewhere may materially and adversely affect the Issuer's, the Guarantors' and the State's results of operations and financial condition. The stress experienced by global capital markets that began in the second half of 2007 continued and substantially increased during the second half of 2008. Similar pressures were also witnessed during 2009 and in the first half of 2010, and these pressures may continue to be felt for a significant period. There were also concerns over inflation, geopolitical issues, the availability and cost of credit, the credit crisis in Greece and other parts of Europe, the volatile political climate in Northern Africa and unstable markets in some of the sectors, such as the residential property market, have contributed to a reduction of liquidity levels globally, a general decline in lending activity between financial institutions and in commercial lending markets, and increased volatility and diminished expectations for the global economy and the markets in the near term future. These factors, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have precipitated an economic slowdown and recessionary pressures globally and may thereby have a negative impact on the Issuer's, the Guarantors' and the State's business, financial condition, results of operations and prospects.

Further, the economic downturns and conditions in the global capital markets and the general economy in Malaysia, Asia and elsewhere mentioned above have led to a period of regulatory change and legal uncertainty including, but not limited to, potentially conflicting court decisions on principles of insolvency law which could impact Noteholders' ability to receive payments under the Notes upon the occurrence of an Event of Default relating to the insolvency of the Issuer or the Guarantors.

Political, economic and social developments in Sarawak and Malaysia may adversely affect the Issuer, the Guarantors and the State.

The business, prospects, financial condition and results of operations of the Issuer and the Guarantors, and the financial condition of the State Government of Sarawak, may be adversely affected by political, economic and social developments in Sarawak and Malaysia. Any change in political, economic or social conditions in Sarawak or Malaysia, or in the Government's and/or the State Government of Sarawak's policies, or any political instability in Sarawak or Malaysia arising from these changes, may have a material adverse effect on the business, operations, financial

condition and/or prospects of the Issuer and the Guarantors and the financial condition of the State Government of Sarawak. Furthermore, any changes in the composition of the Government and/or the State Government of Sarawak could result in a change in their respective policies. Any change to the policies of the Government and/or the State Government of Sarawak may have a material adverse effect on the business, results of operations and financial condition of the Issuer and/or the Guarantors. Other political and economic uncertainties which may affect political, economic or social conditions in Sarawak or Malaysia include, but are not limited to, the risks of war, terrorism, riots, expropriation, nationalism, renegotiations or nullifications of existing contracts, changes in interest rates and methods of taxation.

Risks Relating to Malaysia and the Asian Region

Enforcing civil liabilities against the Issuer or the Guarantors or their respective directors, officers and controlling persons may be difficult.

The Issuer and the Guarantors are organised with limited liability under the laws of Malaysia, and all of their respective directors, officers and controlling persons reside in Malaysia. In addition, substantially all of the Issuer's and the Guarantors' respective assets and the assets of their respective directors, officers and controlling persons are located in Malaysia. As a result, it may be difficult for investors to effect service of process on these persons outside of Malaysia or to enforce judgments against the Issuer, the Guarantors or their respective directors, officers and controlling persons. The enforceability of judgments in Malaysia, whether they are in respect of actions originating in Malaysia or actions to enforce judgments of courts outside of Malaysia, is uncertain. See "*Enforceability of Civil Liabilities*".

Exchange rate fluctuations and/or exchange controls may affect the Issuer, the Guarantors and the State Government of Sarawak.

BNM, Malaysia's central bank, has in the past intervened in the foreign exchange market to stabilise the Ringgit and, from 2 September 1998 until 21 July 2005, maintained a fixed exchange rate of RM3.80 to U.S.\$1.00. However, on 21 July 2005, BNM announced that, with effect from such date, the exchange rate of the Ringgit would be allowed to operate in a managed float, with its value being determined by various economic factors. BNM has stated that it will monitor the exchange rate against a currency basket to ensure that the exchange rate remains close to its fair value. However, there can be no assurance that BNM will intervene or maintain this managed float system in the future or that any such intervention or managed float system will be effective. Significant changes in exchange rates may result in significantly higher domestic interest rates, liquidity shortages and/or capital or other exchange controls, thereby affecting the Malaysia and Sarawak economies and potentially the financial condition of the Issuer, the Guarantors and the State Government of Sarawak.

There can be no assurance that the Government or BNM will not impose restrictive or other foreign exchange controls. Any imposition, variation or removal of foreign exchange controls may adversely affect the value of the Notes and the ability of the Issuer to meet its payment obligations under the Notes, the Guarantors to meet any payment obligations under their respective Guarantees and HoldCo Guarantor to meet its payment obligations under the On-Loan Agreement. Any such imposition, variation or removal of foreign exchange controls may also adversely affect the ability of investors to repatriate from Malaysia interest and principal in respect of the Notes. See "*Overview of Malaysia — Exchange Control Policy*" for further information regarding exchange control policy in Malaysia.

Malaysian disclosure and accounting standards differ from those in other jurisdictions.

Disclosure standards applicable with respect to the Issuer and the Guarantors in Malaysia differ from those applicable in other countries. The amount of information available for issuers of securities in Malaysia may be significantly less than that available for comparable companies incorporated in other countries, and certain statistical and financial information typically published by companies in other countries on a periodic basis may not be available.

In addition, accounting standards applicable with respect to the Issuer and the Guarantors in Malaysia differ from those applicable in other countries. The Guarantors prepare, and the Issuer will prepare, their respective financial statements in accordance with generally accepted accounting principles in Malaysia, which differ in certain significant respects from generally accepted accounting principles and financial reporting and accounting standards in other countries. No reconciliation of these financial statements has been undertaken.

Moreover, the State's financial statements are prepared pursuant to Section 16 of the Financial Procedure Act of Malaysia 1957 (Act 61), which differs in certain significant respects from Malaysian GAAP. No reconciliation to Malaysian GAAP has been undertaken.

Developments in other Asian countries may negatively impact the Issuer, the Guarantors and the State.

In mid-1997, following the substantial depreciation of the Thai Baht, the Malaysian Ringgit and the Indonesian Rupiah, many countries in Asia, including Malaysia, experienced a significant economic downturn and related economic, financial and social difficulties. As a result of the decline in value of a number of the region's currencies, many Asian governments and companies had difficulty in servicing their foreign-currency denominated debt and many borrowers defaulted on their debt repayments. As the economic crisis spread across the region, governments raised interest rates to defend weakening currencies, which adversely impacted economic growth rates. In addition, liquidity was substantially reduced as foreign investors withdrew or reduced investment in the region and both domestic and international banks restricted additional lending activity. The currency fluctuations, as well as higher interest rates and other factors, materially and adversely affected the economies of many countries in Asia. A recurrence of similar adverse economic developments in Asia could have a material adverse effect on Malaysia and its economy and consequently on the financial condition and results of operations of the Issuer and/or the Guarantors. In addition, any other adverse change in trends or a general economic slowdown as a result of changes in labour costs, inflation, interest rates, taxation or other political or economic developments in Malaysia could materially affect the financial condition of Sarawak, and its ability to provide financial support to the Issuer and/or the Guarantors, the ability of the Issuer to pay the principal of, or interest on, the Notes, the ability of the Guarantors to meet their respective payment obligations under their respective Guarantees and the ability of HoldCo Guarantor to meet its payment obligations under the On-Loan Agreement.

The outbreak of an infectious disease in Asia may affect the Malaysian economy and, in turn, the financial condition and results of operations of the Issuer, the Guarantors and the State.

The outbreak of a contagious disease in Asia, including Malaysia, or elsewhere, or fear of an outbreak, together with any resulting travel restrictions or quarantines could have a negative impact on the economy and business activity in Malaysia. In recent years, large parts of Asia experienced unprecedented outbreaks of avian flu. No fully effective avian flu vaccine has been developed and an effective vaccine may not be discovered in time to protect against a potential avian flu pandemic.

In 2003 and in 2004, certain countries in Asia experienced an outbreak of Severe Acute Respiratory Syndrome ("**SARS**"), a highly contagious form of pneumonia, which seriously interrupted economic activity in the affected regions. More recently, in April 2009, there was a global outbreak of the Influenza A (H1N1) virus, including confirmed reports in Hong Kong, Japan, Indonesia, Malaysia, Singapore and elsewhere in Asia. The Influenza A (H1N1) virus is believed to be highly contagious and may not be easily contained.

An outbreak of avian flu, SARS, the Influenza A (H1N1) virus or another contagious disease or measures taken by the governments of affected countries, against potential or actual outbreaks, could have a material adverse effect on the financial condition of the Issuer, the Guarantors and/or the State. The perception that an outbreak of a contagious disease may occur may also have an adverse effect on the economic conditions of countries in Asia, including Malaysia, and thereby adversely affect the State Government of Sarawak's, the Issuer's and/or the Guarantors' respective financial condition and their ability of the Issuer and the Guarantors to perform their respective obligations under the Notes and the Guarantees.

RISKS RELATING TO THE MARKET FOR THE NOTES

There has been no prior market for the Notes and the trading results of prior issuances involving State-owned entities could impact the trading market for the Notes.

The Notes comprise a new issue of securities for which there is currently no public market. There can be no assurance as to the liquidity of any market that may develop or, if a secondary market does develop for the Notes, the ability of holders to sell their Notes or the prices at which holders would be able to sell their Notes. In addition, there can be no assurance if a secondary market does develop, that it will provide the holder of the Notes with liquidity, or that it will continue for the life of the Notes. GSI is not obliged to make a market in the Notes. Any market-making activity if commenced may be discontinued at any time. Consequently, any prospective Noteholder must be prepared to hold the Notes for an indefinite period of time or until final maturity. Application has been made to list the Notes on the LFX. There can be no assurance that the Notes will be accepted for trading on such exchange. In the event of trading, the Notes could trade at prices that may be lower than the initial market value thereof depending on many factors, including prevailing interest rates, the operating results of the Issuer and the Guarantors and markets for similar securities.

Although the Issuer and the Guarantors have an obligation under the Note Trust Deed to use reasonable endeavours to maintain the listing of the Notes on the LFX, none of the Issuer, the Guarantors or GSI has any obligation to make a market in the Notes. In addition, the market for debt securities in emerging markets has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. There can be no assurance that any market for the Notes will not be subject to similar disruptions, or that any market for the Notes will develop. Any disruptions in these markets may have a material adverse effect on the holders of the Notes.

On 3 August 2005, 2015 Notes Issuer issued U.S.\$600,000,000 5.5 per cent. guaranteed notes due 2015 unconditionally and irrevocably guaranteed by SGOS Guarantor (the “**Original 2015 Notes**”) and, subsequently, on 27 September 2005, 2015 Notes Issuer issued a further U.S.\$200,000,000 5.5 per cent. guaranteed notes due 2015 irrevocably guaranteed by SGOS Guarantor which were consolidated and formed a single series with the Original 2015 Notes (the “**2015 Notes**”). The 2015 Notes are listed on The Stock Exchange of Hong Kong Limited and the LFX. On 15 November 2006, Sarawak Capital Incorporated (an entity indirectly wholly owned by the State) issued U.S.\$350,000,000 5.93 per cent. guaranteed fixed rate amortising notes due 2026 unconditionally and irrevocably guaranteed by Sarawak Capital Assets Sdn. Bhd. (an entity directly wholly owned by the State) and MBIA UK Insurance Limited (the “**2026 Notes**”). The 2026 Notes are listed on the LFX. The trading results of either or both of the 2015 Notes and the 2026 Notes could materially and adversely impact the trading results of the Notes.

RISKS RELATING TO THE STRUCTURE OF THE NOTES

The Notes are not principal protected and future returns are not guaranteed.

The Notes are not principal protected and future returns on the Notes are not guaranteed. Accordingly, a Noteholder may lose a substantial amount and potentially all of its investment in the Notes.

The Class A Notes are accreting and the Class B1 Notes are amortising, in each case without any payments, and the principal amount payable on redemption will not be equal to the initial principal amount of each class.

The Class A Notes and the Class B1 Notes are accreting and amortising notes respectively, without any payments being made (by the Noteholders) in respect of such accretion or (by the Issuer) in respect of such amortisation, and the expected cashflows on such Notes are not the same as for a standard bullet repayment instrument. The Class B2 Notes are standard bullet repayment notes. There is no requirement for an investor of the Class A Notes to purchase a corresponding amount of Class B1 Notes or *vice versa* and, accordingly, investors should consider the effect of a purchase of each Class of Notes separately and the effect of the terms of the Notes on the expected cashflows as described below. Potential payouts in respect of the Notes are not determined on a linear basis. For example, on the Closing Date, the total amount of issue proceeds will be equal to the aggregate principal amount of the Class A Notes, the Class B1 Notes and the Class B2 Notes. However, the issue price of the Class A Notes, the Class B1 Notes and the Class B2 Notes is different and reflects the expected future cashflows on the respective Class of Notes. Unless the

Calculation Agent has determined that a Possible Potential Event of Default or a Potential Event of Default has occurred and notice of that determination has been given to the Issuer and the Principal Agent, the original aggregate principal amount of the Class A Notes and the Class B1 Notes will be adjusted on each Adjustment Date to the relevant adjusted aggregate principal amount set out in Condition 7.1 (*Adjustment of outstanding principal amounts of the Notes*). The adjusted outstanding principal amount of each Class A Note shall be the adjusted aggregate outstanding principal amount of the Class A Notes divided by the number of Class A Notes then outstanding, rounded up to the nearest dollar. The adjusted outstanding principal amount of each Class B1 Note shall be the adjusted aggregate outstanding principal amount of the Class B1 Notes divided by the number of Class B1 Notes then outstanding, rounded up to the nearest dollar. Chronologically after each Adjustment Date, in the case of the Class A Notes, the outstanding principal amount (and therefore the amount payable to Class A Noteholders on redemption) increases, and, in the case of the Class B1 Notes, the outstanding principal amount (and therefore the amount payable to Class B1 Noteholders on redemption) decreases.

The adjustment of the outstanding principal amount of each such Note for all purposes takes effect from the related Adjustment Date, without any payment to the Issuer by the Class A Noteholders (in the case of the Class A Notes) or by the Issuer to the Class B1 Noteholders (in the case of the Class B1 Notes) and without notice to the Note Trustee or the Noteholders. Prospective investors in the Class A Notes should note that where the Calculation Agent has determined that a Possible Potential Event of Default or a Potential Event of Default has occurred, no upward adjustment of the principal amount of the Class A Notes will occur, which may be materially adverse to the interests of the Class A Noteholders.

On the Maturity Date, the amount payable under the Class A Notes will not equal the initial principal amount of the Class A Notes on the Closing Date or the issue price of the Class A Notes and the amount payable under the Class B1 Notes will not equal the initial principal amount of the Class B1 Notes on the Closing Date or the issue price of the Class B1 Notes. The amount payable under the Class A Notes and Class B1 Notes on the scheduled maturity date of the Notes will be their respective adjusted outstanding principal amounts in accordance with Condition 7.1 (*Adjustment of outstanding principal amounts of the Notes*).

In addition, if the Notes are redeemed early following a redemption for tax reasons pursuant to Condition 7.3 (*Redemption for taxation reasons*) or an Event of Default pursuant to Condition 10.3 (*Events of Default*), the amount due and payable on the Class A Notes will be the then outstanding principal amount for the Class A Notes and the amount due and payable on the Class B1 Notes will be the then outstanding principal amount for the Class B1 Notes, which, in each case, will not necessarily equal the initial principal amount of the Class A Notes or the Class B1 Notes, respectively, on the Closing Date or the respective issue prices of the Class A Notes or Class B1 Notes. The timing of the occurrence of a redemption for tax reasons or an Event of Default under the Notes will have an effect on the amount that an investor of either of the Class A Notes or Class B1 Notes may expect to receive on such redemption.

Investors should also note that interest in respect of the Class A Notes and Class B1 Notes will be calculated on the outstanding principal amount of the relevant Class of Notes as at the last day of an Interest Period. Therefore, the interest amount payable in respect of the Class A Notes will increase over time and the interest amount payable in respect of the Class B1 Notes will decrease over time.

As the outstanding principal amounts of the Class A Notes and the Class B1 Notes adjust, this will result in a changing ratio of the Class A Notes, the Class B1 Notes and the Class B2 Notes. This may have an impact on the relative weight that each Class of Noteholders has in voting and giving directions to the Note Trustee and the Calculation Agent. For example, over time, the Class B2 Notes will represent an increasing proportion of the aggregate outstanding principal amount of the Class B Notes, which may give greater weight to the Class B2 Notes relative to the Class B1 Notes.

There may be insufficient funds in the Trust Fund Reserve Account and the SIL Swap Account to satisfy all Noteholder claims for repayment of the Notes.

All the Noteholders have rights of fixed security over the Trust Fund Reserve Account and the SIL Swap Account save that the Class A Noteholders have priority over the Class B Noteholders in respect of such security. There may be limited or no funds standing to the credit of either or both of the Trust Fund Reserve Account and the SIL Swap Account and such amounts may be withdrawn by the Issuer or SIL, as the case may be, in certain circumstances. Further, there can be no

assurance as to the amounts due to be paid by J. Aron under the SIL Swap Agreement. As a result there may be insufficient funds in the Trust Fund Reserve Account and the SIL Swap Account to satisfy claims by Noteholders for repayment of the Notes following the occurrence of an Event of Default. See “*Relationship between the Class A Noteholders and the Class B Noteholders — Priority ranking in respect of security*”.

In addition, upon an Event of Default of the Notes, none of the Issuer, the Note Trustee or the Noteholders will have any rights to terminate the SIL Swap Agreement. See “*Noteholders will be exposed to the unsecured Credit Risk of J. Aron*”.

Any enforcement of security under the Notes is dependent on the Note Trustee and it being indemnified and/or secured and/or prefunded to its satisfaction, which may cause the enforcement of security to be delayed.

In the event that the Noteholders require the Note Trustee to enforce the security, Noteholders should be aware that the Note Trustee may not take any such action until it is indemnified and/or secured and/or prefunded to its satisfaction. In addition, the Note Trustee has a right to recover from the Mortgaged Property all costs, charges, expenses and liabilities incurred or which may be incurred by it including, without limitation, fees and extraordinary or unanticipated expenses and it shall be entitled to be indemnified out of the Mortgaged Property in respect of the execution of any of its powers, authorities or discretions. In the event that the Note Trustee exercises this right, in respect of any such costs, charges, expenses and liabilities which are not otherwise met, this will result in a reduction of the amounts (if any) available for distribution to the holders of the Notes. Where the security constituted by or created pursuant to the Issuer Security Deed or the SIL Deed over the Mortgaged Property becomes enforceable, the Note Trustee shall not be obliged to act on the direction of the holders of the requisite percentage of outstanding Notes unless it has been indemnified and/or secured and/or prefunded to its satisfaction, against any loss, liability, cost, claim, action, demand or expense which may be incurred or made against it.

Relationship between the Class A Noteholders and the Class B Noteholders

Priority ranking in respect of security

Payments of principal, premium and interest in respect of the Class A Notes and the Class B Notes will rank *pari passu* amongst themselves, save that the Class A Notes shall have priority over the Class B Notes in the Post-Enforcement Priority of Payments in respect of the Security over the Fixed Mortgaged Property. Accordingly, upon an Event of Default, the Class A Noteholders will have prior ranking rights by way of security in respect of the Fixed Mortgaged Property and therefore will be entitled to be paid first out of such Fixed Mortgaged Property. The Class B1 Noteholders and Class B2 Noteholders will have rights by way of security to the Fixed Mortgaged Property ranking after the Class A Noteholders and, additionally, will share the Floating Mortgaged Property with the Class A Noteholders on a *pari passu* basis. The Issuer has no substantial assets, other than any amounts standing to the credit of the Trust Fund Reserve Account, its rights pursuant to the On-Loan Agreement and the Annex Letter. Accordingly, the Mortgaged Property may not be sufficient to pay all amounts due to the Noteholders. In such event, the Class B Noteholders will suffer the first loss caused by such insufficiency of assets.

Consent rights and voting rights

The Class A Noteholders have certain rights to give approvals and directions under the Conditions, which would then bind all the Class B Noteholders, as set out below. Accordingly, Class B Noteholders may be adversely affected by the approvals and directions given by the Class A Noteholders, which are unlikely to take account of the interests of the Class B Noteholders.

The Class A Noteholders have the following consent rights and voting rights that would bind the Class B1 Noteholders:

- the holders of not less than 50 per cent. of the then outstanding principal amount of the Class A Notes may direct the Calculation Agent to give instruction to the Issuer and HoldCo Guarantor such that a Potential Event of Default shall be treated as a Fund Acceleration Event and that the Issuer and HoldCo Guarantor shall procure that a Balancing Payment be paid in accordance with the terms of the Annex Letter. See Condition 10.2 (*Potential Events of Default*);

- the holders of not less than 50 per cent. of the then outstanding principal amount of the Class A Notes may also require the Note Trustee or the Calculation Agent to accelerate the Notes. See Condition 10.3 (*Event of Default*);
- the holders of 25 per cent. of the then outstanding principal amount of the Class A Notes may direct the Note Trustee to enforce the Security in respect of the Fixed Mortgaged Property. See Condition 16.4 (*Enforcement*); and
- the purchase of any Eligible Investments requires the consent of all Class A Noteholders as further described in “*Noteholders will be exposed to the credit risk of other obligors in respect of any Eligible Investments*” below.

Prospective investors should be aware that GSI may have potential economic exposure to the Class A Notes. See “*Distribution Plan, Activities of GSI and Transfer Restrictions*”.

In addition, prospective investors should be aware of the role of the Calculation Agent. The Calculation Agent performs various roles in respect of the Notes, including in respect of the matters referred to above and in certain cases has discretion in making decisions. See “*Distribution Plan, Activities of GSI and Transfer Restrictions — Conflicts related to GSI as Calculation Agent*”.

Noteholders will be exposed to the credit risk of other obligors in respect of any Eligible Investments.

The amounts standing to the credit of the Trust Fund Reserve Account may be invested in Eligible Investments in accordance with the Transaction Documents and as described below. Eligible Investments may include an investment in any US dollar denominated note, fund or other instrument arranged by Goldman Sachs International or its affiliate under which the Issuer will receive periodic payment(s) and which has a rating (as to such instrument or the obligor or guarantor thereof) by the Rating Agency of at least equivalent to the Minimum Credit Rating as determined by the Calculation Agent. Alternatively, Eligible Investments may include cash in US dollar fixed deposits with a financial institution having a rating by the Rating Agency at least equivalent to the Minimum Credit Rating as determined by the Calculation Agent. The purchase of any Eligible Investments requires the consent of all Class A Noteholders outstanding to approve the Eligible Investment and also to approve any amendments to the Transaction Documents that may be required to facilitate such investment. In the event that such investment occurs, all the Noteholders will be exposed to the credit risk of the obligors or guarantors of such Eligible Investments selected by the Issuer and approved by the Class A Noteholders. The Class B Noteholders will be bound by any determinations and consents given by the Class A Noteholders in respect of such Eligible Investments, which may adversely affect their investment in the Class B Notes.

Noteholders will be exposed to the credit risk of the Account Bank.

The money received by the Issuer pursuant to the Annex Letter will be deposited in an account opened with the Account Bank in the name of the Issuer and the money received by SIL pursuant to the SIL Swap Agreement will be deposited in an account opened with the Account Bank in the name of SIL. Any cash held by the Account Bank on behalf of the Issuer or SIL, as the case may be will be held by the Account Bank in its capacity as banker, and not as trustee. Such cash will not be held in accordance with the “client money rules” of the UK Financial Services Authority (the “FSA”). The Account Bank will treat each of the Issuer and SIL as a “professional client” for the purposes of the rules and regulations of the FSA. The Issuer and the Noteholders will therefore be exposed to the credit risk of the Account Bank on an unsecured basis for the period during which the cash is held by the Account Bank on behalf of the Issuer or SIL, as the case may be.

Noteholders will be exposed to the unsecured credit risk of J. Aron.

The amounts payable into the SIL Swap Account are dependent on J. Aron performing its obligations to pay under the SIL Swap Agreement. Consequently, the value of the Fixed Mortgaged Property, insofar as it relates to the SIL Swap Agreement, would be reduced as a result of any default of J. Aron (or its guarantor) under the SIL Swap Agreement. The Notes do not represent a claim against J. Aron (or its guarantor) and neither the Issuer, the Guarantors nor any Noteholder will have any recourse to J. Aron (or its guarantor) under the SIL Swap Agreement.

Because the Global Certificates are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Notes will be represented by the Global Certificates except in certain limited circumstances described in the Global Certificates. The Global Certificates will be registered in the name of a nominee for, and deposited with, the common depository for Euroclear and Clearstream, Luxembourg. Individual Certificates evidencing holdings of Notes will only be available in certain limited circumstances. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Certificates. While the Notes are represented by one or more Global Certificates, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common depository for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Certificate must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in a Global Certificate.

Holders of beneficial interests in a Global Certificate will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in a Global Certificate will not have a direct right under the relevant Global Certificate to take enforcement action against the Issuer in the event of a default under the Notes but will have to rely upon their rights under the Note Trust Deed.

Enforcement in Malaysian courts of a judgment of an English court in respect of the Notes and the Guarantees may be subject to uncertainty.

Substantially all the assets of the Issuer and the Guarantors and the assets of their respective directors and executive officers are located in Malaysia. Generally, since the United Kingdom is a reciprocating country, any judgment obtained against the Issuer or any of the Guarantors or any of their directors or executive officers in any of the superior courts of the United Kingdom or other reciprocating countries as listed in the REJA (other than a judgment of such a court given on appeal from a court which is not a superior court) can be registered in the relevant High Court in Malaysia if, among other things: (a) such judgment is final and conclusive as between the parties; and (b) it is for a sum of money not being a sum payable in respect of taxes or other charges of a like nature, or in respect of a fine or other penalty; and would, on registration in accordance with the provisions of the REJA, be recognised and enforced by the courts in Malaysia without re-examination of the issues. For the purposes of this paragraph, "relevant High Court" means the High Court in Malaysia having local jurisdiction over the territory in which the Issuer or any Guarantor or the director or executive officer in question resides or has a place of business or in which any of its or his assets are situate. As a result, the Note Trustee and/or Noteholders with claims against the Issuer or any Guarantor, their directors or executive officers, will generally be able to pursue such claims by registering such judgments obtained in the recognised English courts or those of other reciprocating countries in the High Courts in Malaysia. The High Court of England and Wales is, as at the date of this Offering Circular, considered to be a superior court for the purposes of the REJA. However, the registration of such a judgment will be set aside if the registering court is satisfied, amongst other things, that (a) the judgment was obtained by fraud; or (b) the enforcement of the judgment would be contrary to public policy in Malaysia.

In addition, where the sum payable under a judgment which is to be registered is expressed in a currency other than Ringgit, the judgment will be registered as if it were a judgment for such sum in Ringgit as would be equivalent to the sum so payable on the basis of the rate of exchange prevailing at the date of the judgment of the original court.

The credit ratings assigned to the Notes may be lowered or withdrawn in the future.

The Issuer expects that the Notes will on issue be ascribed a credit rating of "A-" by Standard & Poor's. The credit rating ascribed to the Notes reflects only the views of Standard & Poor's. A credit rating is not a recommendation to buy, sell or hold Notes and may be subject to revision, suspension or withdrawal at any time by Standard & Poor's. A suspension, reduction or withdrawal of the credit rating assigned to the Notes may adversely affect the market price of the Notes.

Terrorist attacks and war have contributed, and may continue to contribute, to volatility in international capital markets, which may adversely affect the market price of the Notes.

Terrorist attacks, such as those that occurred in the United States, Bali, Jakarta, Madrid, London and Mumbai; or armed conflicts, such as the war in Iraq, have resulted in substantial and continuing volatility in international capital markets. Any further terrorist activities or military intervention could have a material adverse effect on worldwide financial markets, the economy of Malaysia and regional economies.

Noteholders may be exposed to exchange rate fluctuations which may adversely affect the interest or principal return they receive on the Notes.

The Issuer will pay principal, premium and interest on the Notes, and the Guarantors will make any payments under the Guarantees, in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the U.S. dollar would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, Noteholders may receive less interest or principal than expected, or no interest or principal.

Noteholders are exposed to the risk of potential changes in law.

The transactions described in this Offering Circular (including the issue of the Notes) are based on law and administrative practice in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to law or administrative practice or tax treatment after the date of this Offering Circular or can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Notes.

Certain payments made to Noteholders in respect of the Notes may incur withholding taxes and neither the Issuer nor any Paying Agent may be obliged to pay additional amounts with respect to any Note in such circumstances.

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "Directive"), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax.

USE OF PROCEEDS

The net proceeds of the issue of the Notes, being approximately U.S.\$790,000,000 after deducting certain expenses, will be on-lent by the Issuer to HoldCo Guarantor and applied by HoldCo Guarantor principally for the financing of strategic development projects of the State, including but not limited to: (1) investments in strategic development projects in the Sarawak Corridor of Renewable Energy (“**SCORE**”); (2) investments in strategic development projects in the Tanjung Manis Halal Hub (“**TMHH**”); and (3) investments in the development of the biotech sector, save that the proceeds shall not be used for direct investments in logging activities or the construction or operation of dams.

EXCHANGE RATE INFORMATION

The Ringgit was fixed at an exchange rate against the U.S. dollar of RM 3.80 to U.S.\$1.00 from 1 September 1998 until 21 July 2005. On 21 July 2005, BNM announced that, with effect from such date, the exchange rate of the Ringgit would be allowed to operate in a managed float.

The following table sets forth the exchange rates between Ringgit and U.S. dollars (in Ringgit per U.S. dollar) since 2005 as reported by BNM.

No representation is made that the Ringgit amounts actually represent such U.S. dollar amounts or could have been or could be converted into U.S. dollars at the rates indicated, any other rate or at all.

Year	Period End	Period Average ⁽¹⁾	High ⁽²⁾	Low ⁽³⁾
		(RM per U.S.\$)		
2005	3.78	3.79	3.80	3.75
2006	3.53	3.67	3.78	3.53
2007	3.31	3.44	3.52	3.31
2008	3.46	3.33	3.64	3.13
2009	3.42	3.52	3.73	3.35
2010	3.08	3.22	3.44	3.08
2011				
January	3.06	3.06	3.08	3.05
February	3.05	3.04	3.05	3.03
March	3.03	3.04	3.06	3.03
April	2.97	3.01	3.03	2.96
May	3.01	3.01	3.06	2.97
June (up to and including 15 June 2011) . . .	3.03	3.02	3.05	3.00

Source: BNM

Notes:

- (1) The average of the daily exchange rates for each applicable period.
- (2) The high of the daily exchange rates for each applicable period.
- (3) The low of the daily exchange rates for each applicable period.

The published rate of exchange of the Ringgit against U.S. dollars as published by BNM on 15 June 2011 was RM 3.03 to U.S.\$1.00. See also “*Overview of Malaysia — Exchange Control Policy*” for information regarding exchange control policy in Malaysia.

CAPITALISATION OF THE ISSUER AND HOLDCO GUARANTOR

Capitalisation of the Issuer

Except as described below, there has been no material change in the capitalisation and indebtedness of the Issuer since 20 April 2011, the date of incorporation of the Issuer.

The following table sets forth the Issuer's total capitalisation and indebtedness as at 20 April 2011, and as adjusted to give effect to the issue of the Notes:

	As at 20 April 2011	
	(unaudited)	
	Actual	As adjusted
	(U.S.\$)	(U.S.\$)
Long term debt (the Notes now being offered)	0	800,000,000
Shareholder's equity ⁽¹⁾	(3,722) ⁽¹⁾	(10,003,722) ⁽²⁾
Total capitalisation	(3,722)	789,996,278

Note:

- (1) The Issuer had issued share capital of U.S.\$2.00 as at 20 April 2011. Pre-incorporation expenses amounting to U.S.\$3,724 were incurred by the Issuer.
- (2) Expenses estimated to amount to U.S.\$10,003,724 (comprising estimated expenses relating to the issuance of the Notes amounting to U.S.\$10,000,000 incurred by the Issuer and the pre-incorporation expenses mentioned in Note 1 above) have been adjusted against shareholder's equity.

Capitalisation of HoldCo Guarantor

Save as disclosed below, there has been no material change in the capitalisation and indebtedness of HoldCo Guarantor since 21 April 2011, the date of incorporation of HoldCo Guarantor.

The following table sets forth HoldCo Guarantor's total consolidated capitalisation and indebtedness as at 21 April 2011, and as adjusted to give effect to the issue of the Notes:

	As at 21 April 2011			
	(unaudited)			
	Actual		As adjusted	
	(RM)	(U.S.\$) ⁽¹⁾	(RM)	(U.S.\$) ⁽¹⁾
Long term debt ⁽²⁾	0	0	2,406,000,000	800,000,000
Shareholder's equity	(13,998) ⁽³⁾	(4,654) ⁽³⁾	(30,088,998) ⁽⁴⁾	(10,004,654) ⁽⁴⁾
Total capitalisation	(13,998)	(4,654)	2,375,911,002	789,995,346

Notes:

- (1) Using an exchange rate of U.S.\$1.00 = RM 3.0075.
- (2) As a result of intercompany eliminations under applicable principles of consolidation, the On-Loan is not separately presented.
- (3) HoldCo Guarantor had issued share capital of RM2.00 as at 21 April 2011. Pre-incorporation expenses amounting to RM2,800 and U.S.\$3,724 were incurred by HoldCo Guarantor and the Issuer respectively.
- (4) Expenses estimated to amount to U.S.\$10,004,655 (comprising estimated expenses relating to the issuance of the Notes amounting to U.S.\$10,000,000 incurred by the Issuer and the pre-incorporation expenses mentioned in Note 3 above) have been adjusted against shareholder's equity.

THE ISSUER

General

The Issuer was incorporated in the Federal Territory of Labuan, Malaysia with limited liability on 20 April 2011. The Issuer is indirectly wholly owned by the State. The Issuer has no business operations or substantial assets or income and, upon issuance of the Notes, will remain dependent upon the State.

The objects for which the Issuer has been established include, *inter alia*, to create liabilities, to issue bonds, shares and other securities, to lend and borrow in any manner, to obtain guarantees, to acquire any rights or interests, to enter into or be a party to any transaction or document, and to assume any duties, obligations and liabilities. The principal business activities that the Issuer intends to undertake are to issue the Notes and to enter into, and assume the rights and obligations under, all related transaction documentation (including the On-Loan described below).

The proceeds resulting from the issuance of the Notes, net of certain expenses, will be lent by the Issuer to HoldCo Guarantor, whereupon the principal asset of the Issuer will consist of rights of repayment from HoldCo Guarantor under the On-Loan. The Issuer will rely principally on the repayment of the On-Loan by HoldCo Guarantor to meet its obligations in respect of the Notes. HoldCo Guarantor in turn will rely principally on payments from the State to meet obligations in respect of the On-Loan. Under the Annex Letter, approved by the Chief Minister of Sarawak and the State Financial Secretary, the State Government of Sarawak, acting through the State Financial Secretary, has agreed to make certain contributions to the Government Fund and to procure such monies to be paid into the Trust Fund Reserve Account in accordance with the Annex Letter.

The Issuer's registered office is located at Tiara Labuan, Jalan Tanjung Batu, 87000 F.T. Labuan, Malaysia. The Issuer does not have any subsidiaries. As at the date of this Offering Circular, the Issuer's authorised, issued and paid up share capital is U.S.\$2.00, with a nominal value of U.S.\$1.00 per share.

The Issuer will issue its first audited financial statements for the period ended 31 December 2011, and will issue financial statements annually thereafter. The auditors of the Issuer are Ernst & Young.

Management

The Issuer is managed by a board of directors. The Issuer's board of directors currently comprises three members. The current directors of the Issuer are also the current directors of HoldCo Guarantor. The directors of the Issuer, together with information regarding their professional experience, are set out below:

<u>Name</u>	<u>Address</u>	<u>Designation/Occupation</u>
Jumastapha bin Lamat	Lot 1246, Lorong Bentara 1 Kampung Semariang Jaya 2 Jalan Sultan Tengah 93050 Kuching, Sarawak	Director
Hasmawati binti Sapawi	No. 1, Sublot 2734 Taman Farhanas, Jalan Semariang 93050 Kuching, Sarawak	Director
Angeline Chia Poh Lin.	No. 38, Taman Wingli Jalan Batu Lintang 93200 Kuching, Sarawak	Director

Jumastapha bin Lamat was appointed to the Issuer's board of directors on 20 April 2011. He has been the State Accountant General of Sarawak since January 2005. Prior to this, he was the Director of Budget in the State Financial Secretary's Office. He also sits on the board of directors of several State Government of Sarawak-linked companies.

Hasmawati binti Sapawi was appointed to the Issuer's board of directors on 4 May 2011. She is presently the Director of Corporate Services and Investment Division handling corporate finance and investment activities in the State Financial Secretary's Office. She has 13 years of experience working in State agencies and Government-linked companies before joining the State Government of Sarawak in 2006. She also sits on the board of directors of several State Government of Sarawak-linked companies.

Angeline Chia Poh Lin was appointed to the Issuer's board of directors on 20 April 2011. She joined SGOS in December 2005 and is presently the General Manager. Previously, she was the Senior Manager of Amanah Saham Sarawak Bhd. and has over 15 years of experience in auditing, investment and corporate finance.

As at the date of this Offering Circular, the Directors of the Issuer do not have any interest or short position in the shares or debentures of the Issuer.

Share Ownership

The Issuer is a wholly owned subsidiary of HoldCo Guarantor and is ultimately wholly owned by the State.

Relationship with the State Government of Sarawak

The State Government of Sarawak plays an extensive role in overseeing the corporate and financial activities of the Issuer, including the following:

- the Issuer is an "Approved Agency" under the Government Fund;
- the Issuer is managed by a Board of Directors, which comprises persons directly elected or appointed by its shareholders or its directors who are approved and appointed to represent the State Financial Secretary of Sarawak;
- the Issuer's borrowings require the prior approvals of its Board of Directors, its ultimate shareholder, being the State Financial Secretary of Sarawak and the Minister of Finance of Sarawak;
- HoldCo Guarantor, which is wholly owned by the State, has agreed to guarantee unconditionally and irrevocably the due payment of all amounts at any time becoming due and payable in respect of the Notes, the Note Trust Deed and the Issuer Security Deed; and
- under the Annex Letter, the State Government of Sarawak, acting through the State Financial Secretary, has agreed to make certain contributions to the Government Fund and to procure such monies to be paid into the Trust Fund Reserve Account in accordance with the Annex Letter.

Material Contracts and Business Activities

The Issuer has not, since its date of incorporation, carried on any business or activities other than those incidental to its registration, the proposed issuance of the Notes, and the other matters described or contemplated in this Offering Circular. The Issuer is a special purpose company established as a financing vehicle of the State to issue the Notes, to on-lend to HoldCo Guarantor the issue proceeds therefrom, net of certain expenses, pursuant to the On-Loan, to enter into the Transaction Documents to which it is a party (and all related transaction documentation), and to undertake any matters ancillary thereto. The Issuer is not expected to conduct any other operations or activities. Furthermore, the activities of the Issuer will be substantially restricted, *inter alia*, by the covenants (both positive and restrictive) set out in the Terms and Conditions of the Notes and the other Transaction Documents to which the Issuer is a party. A breach of any such covenant may result in an Event of Default pursuant to Condition 10 (*Potential Events of Default and Events of Default*) and acceleration of the Notes.

Material Litigation

There are no litigation or arbitration proceedings or claims, material in the context of the Notes, pending or, to the Issuer's or HoldCo Guarantor's knowledge, threatened against the Issuer.

Employees

As at the date of this Offering Circular, the Issuer has no employees.

HOLDCO GUARANTOR

General

HoldCo Guarantor was incorporated in Malaysia with limited liability on 21 April 2011. HoldCo Guarantor is directly wholly owned by the State. The objects for which HoldCo Guarantor has been established include, *inter alia*, acquiring, holding or investing in assets, properties, stocks, securities and other investments on behalf of, or for the benefit of, the State Government of Sarawak and, subject to the direction of the State Government of Sarawak, to dispose, sell, realise or otherwise deal with such assets.

HoldCo Guarantor's registered office is located at Tingkat 18, Wisma Bapa Malaysia, Petra Jaya, 93502 Kuching, Sarawak, Malaysia. As at the date of this Offering Circular, HoldCo Guarantor's authorised, issued and paid up share capital is RM 100,000, with a nominal value of RM 1.00 per share.

HoldCo Guarantor will issue its first audited financial statements for the period ended, 31 December 2011, and will issue financial statements annually thereafter. The auditors of HoldCo Guarantor are Ernst & Young.

Management

HoldCo Guarantor is managed by a board of directors. HoldCo Guarantor's board of directors currently comprises three members. The current directors of HoldCo Guarantor are also the current directors of the Issuer. The directors of HoldCo Guarantor are listed below:

<u>Name</u>	<u>Address</u>	<u>Designation/Occupation</u>
Jumastapha bin Lamat	Lot 1246, Lorong Bentara 1 Kampung Semariang Jaya 2 Jalan Sultan Tengah 93050 Kuching, Sarawak	Director
Hasmawati binti Sapawi	No. 1, Sublot 2734 Taman Farhanas, Jalan Semariang 93050 Kuching, Sarawak	Director
Angeline Chia Poh Lin.	No. 38, Taman Wingli Jalan Batu Lintang 93200 Kuching, Sarawak	Director

The personal profiles of the directors of HoldCo Guarantor are set out above under "*The Issuer — Management*".

As at the date of this Offering Circular, the Directors of HoldCo Guarantor do not have any interest or short position in any shares or debentures of HoldCo Guarantor.

Share Ownership

All the shares of HoldCo Guarantor are held by the State Financial Secretary on trust for the State Government of Sarawak, and thus HoldCo Guarantor is directly wholly owned by the State.

Relationship with the State Government of Sarawak

The State Government of Sarawak plays an extensive role in overseeing the corporate and financial activities of HoldCo Guarantor, including the following:

- HoldCo Guarantor is an "Approved Agency" under the Government Fund;
- HoldCo Guarantor is managed by a Board of Directors, which comprises persons directly elected or appointed by its shareholders or its directors who are approved and appointed to represent the State Financial Secretary of Sarawak;
- HoldCo Guarantor's borrowings require the prior approvals of its Board of Directors, its shareholder, being the State Financial Secretary of Sarawak and the Minister of Finance of Sarawak; and

- under the Annex Letter, the State Government of Sarawak, acting through the State Financial Secretary, has agreed to make certain contributions to the Government Fund and to procure such monies to be paid into the Trust Fund Reserve Account in accordance with the Annex Letter.

Assets and Liabilities

As HoldCo Guarantor will have no significant assets or sources of income, it will remain dependent on the continuing financial support of the State to meet its payment obligations under the On-Loan and any payment obligations under its Guarantee. For information describing the liabilities of HoldCo Guarantor, see “*Capitalisation of the Issuer and the Guarantors*”.

Material Contracts and Business Activities

HoldCo Guarantor has not, since its date of incorporation, carried on any business or activities other than those incidental to its registration, the proposed issuance of the Notes, and the other matters described or contemplated in this Offering Circular. HoldCo Guarantor is a special purpose company established as a financing vehicle of the State to receive from the Issuer pursuant to the On-Loan of the issue proceeds of the Notes, net of certain expenses, to apply such net issue proceeds as set out in “*Use of Proceeds*”, to act as the holding company of the Issuer, to enter into the Transaction Documents to which it is a party (and all related transaction documentation), and to undertake any matters ancillary thereto. HoldCo Guarantor is not expected to conduct any other operations or activities. Furthermore, the activities of HoldCo Guarantor will be substantially restricted, *inter alia*, by the covenants (both positive and restrictive) set out in the Terms and Conditions of the Notes and the other Transaction Documents to which HoldCo Guarantor is a party. A breach of any such covenant may result in an Event of Default pursuant to Condition 10 (*Potential Events of Default and Events of Default*) and acceleration of the repayments under the Notes.

Material Litigation

There are no litigation or arbitration proceedings or claims, material in the context of the Notes, pending or, to HoldCo Guarantor’s knowledge, threatened against HoldCo Guarantor.

Employees

As at the date of this Offering Circular, HoldCo Guarantor has no employees.

SGOS GUARANTOR

General

SGOS Guarantor was incorporated in Malaysia with limited liability on 10 December 2004 and its main business activity is holding strategic assets on behalf of the State. SGOS Guarantor's registered office is located at Tingkat 18, Wisma Bapa Malaysia, Petra Jaya 93502, Kuching, Sarawak, Malaysia. As at the date of this Offering Circular, SGOS Guarantor's authorised share capital is RM 100,000,000 with a nominal value of RM 1.00 per share, of which RM 10,000,002 has been issued and paid up.

SGOS Guarantor will issue its next financial statements for the year ended, 31 December 2011, and will issue financial statements annually thereafter. The auditors of SGOS Guarantor are Deloitte KassimChan.

Management

SGOS Guarantor is managed by a board of directors, headed by a Chairman. SGOS Guarantor's board of directors currently comprises four members. The directors of SGOS Guarantor, together with information regarding their professional experience and qualifications are set out below:

<u>Name</u>	<u>Address</u>	<u>Designation/Occupation</u>
Dato Sri Ahmad Tarmizi bin Haji Sulaiman	No. 1492, Lorong E5B Taman Satria Jaya BDC 93350 Kuching, Sarawak	Chairman
Datu Haji Abdul Razak bin Tready.	Lot 4935, Jalan Pustaka Petra Jaya, 93050 Kuching	Director
Jumastapha bin Amat	Lot 1246, Lorong Bentara 1 Kampung Semariang Jaya 2 Jalan Sultan Tengah 93050 Kuching	Director
Hasmawati binti Sapawi	No. 1, Sublot 2734 Taman Farhanas, Jalan Semariang 93050 Kuching, Sarawak	Director

As at the date of this Offering Circular, the Directors of SGOS Guarantor do not have any interest or short position in any shares or debentures of SGOS Guarantor.

Dato Sri Ahmad Tarmizi bin Haji Sulaiman was appointed to SGOS Guarantor's board of directors on 10 December 2004. He was the Deputy State Financial Secretary of Sarawak from 1 October 2002 until his promotion to his present position as State Financial Secretary on 1 July 2004. Previously, he was the Chief Executive Officer of Amanah Saham Sarawak Bhd. He also sits on the board of directors of several State Government of Sarawak-linked companies.

Datu Haji Abdul Razak bin Tready is the State Attorney-General of Sarawak, a position he has held since January 2008. Previously, he served as Senior Legal Officer in the State Attorney-General Chambers until his resignation in August 1990 to enter into private practice. He also sits on the board of directors of several State Government of Sarawak-linked companies.

Jumastapha bin Amat — the personal profile of Jumastapha bin Amat is set out above under "The Issuer — Management".

Hasmawati binti Sapawi — the personal profile of Hasmawati binti Sapawi is set out above under "The Issuer — Management".

Share Ownership

All the shares of SGOS Guarantor are held by the State Financial Secretary on trust for the State Government of Sarawak, and thus SGOS Guarantor is directly wholly owned by the State.

Relationship with the State Government of Sarawak

The State Government of Sarawak plays extensive roles in overseeing the corporate and financial activities of SGOS Guarantor, including the following:

- SGOS Guarantor is managed by a Board of Directors, which comprises persons directly elected or appointed by its shareholders or its directors who are approved and appointed to represent the State Financial Secretary of Sarawak;
- SGOS Guarantor's Articles of Association provide that any share registered in the name of the State Financial Secretary shall be deemed to be held on trust for the State Government of Sarawak, who shall be deemed the beneficial owner thereof and all transfers of shares by the State Financial Secretary require the consent of the State Government of Sarawak through the Minister of Finance of Sarawak;
- SGOS Guarantor's borrowings require the prior approvals of its Board of Directors, its shareholder, being the State Financial Secretary of Sarawak and the Minister of Finance of Sarawak;
- SGOS Guarantor's annual budget must be submitted and approved by the State Cabinet; and
- under the Annex Letter, the State Government of Sarawak, acting through the State Financial Secretary, has agreed to make certain contributions to the Government Fund and to procure such monies to be paid into the Trust Fund Reserve Account in accordance with the Annex Letter.

Budget

SGOS Guarantor is a designated company under the Statutory Bodies (Financial and Accounting Procedure) Ordinance 1995 (the "**Ordinance**"). Pursuant to Part 1A of the Ordinance, SGOS Guarantor and its board of directors are required to table and adopt, by 15 October each year, detailed estimates of its revenue and expenditure for the subsequent year, with an accompanying pro forma balance sheet, profit and loss account and cash flow statement showing sources and disbursements of funds, among others (the "**SGOS Budget**"). The SGOS Budget must be submitted to the *Majlis Mesyuarat Kerajaan Negeri* (the State Cabinet) for its approval by 30 November every year. Once approved, SGOS Guarantor is bound to follow the SGOS Budget. The State Financial Secretary has to be consulted for any additional financial provision required during the year.

Assets and Liabilities

Assets

SGOS Guarantor was established to hold strategic assets on behalf of the State. The material assets currently held by SGOS Guarantor are described in the table below:

<u>Name of Company</u>	<u>Description of Asset</u>	<u>Shareholding</u>
Ivory Success Sdn. Bhd.	Borneo Convention Centre Kuching	100%
SGOS Assets Holdings Sdn. Bhd.	Long term leasehold lands in Sarawak	60%

One of SGOS Guarantor's subsidiary companies, Ivory Success Sdn. Bhd., is principally an investment holding company which owns and operates the Borneo Convention Centre, Kuching ("**BCCK**"). BCCK commenced its operations in August 2009, and is the first purpose-built convention centre located in Sarawak and is able to accommodate international conventions, conferences, exhibitions and multi dimensional events combining entertainment, exhibitions and performances.

Liabilities

SGOS Guarantor has unconditionally and irrevocably guaranteed the U.S.\$800,000,000 5.5 per cent. guaranteed notes due 2015 issued by SIL Guarantor. Further, SGOS Guarantor has unconditionally and irrevocably guaranteed the obligations of SIL under the SIL Swap Agreement.

Material Litigation

There are no litigation or arbitration proceedings or claims, material in the context of the Notes, pending or, to SGOS Guarantor's knowledge, threatened against SGOS Guarantor.

Employees

As at the date of this Offering Circular, SGOS Guarantor has 7 employees.

SII GUARANTOR

General

SII Guarantor was incorporated in the Federal Territory of Labuan, Malaysia with limited liability on 14 June 2005 and its sole business activity is that of issuing the 2015 Notes and on-lending the proceeds of the 2015 Notes to SGOS Guarantor. SII Guarantor's registered office is located at Unit Level 13(E), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Federal Territory of Labuan, Malaysia. SII Guarantor does not have any subsidiaries. As at the date of this Offering Circular, SII Guarantor's authorised, issued and paid-up share capital is U.S.\$2.00, with a nominal value of U.S.\$1.00 per share.

SII Guarantor will issue its next financial statements for the year ended, 31 December 2011, and will issue financial statements annually thereafter. The auditors of SII Guarantor are Deloitte KassimChan.

Management

SII Guarantor is managed by a board of directors. SII Guarantor's board of directors currently comprises two members. The directors of SII Guarantor are listed below:

<u>Name</u>	<u>Address</u>	<u>Designation/Occupation</u>
Dato Sri Ahmad Tarmizi bin Haji Sulaiman	No. 1492, Lorong E5B Taman Satria Jaya BDC 93350 Kuching, Sarawak	Chairman
Hasmawati binti Sapawi	No. 1, Sublot 2734 Taman Farhanas, Jalan Semariang 93050 Kuching, Sarawak	Director

As at the date of this Offering Circular, the Directors of SII Guarantor do not have any interest or short position in the shares or debentures of SII Guarantor.

Dato Sri Ahmad Tarmizi bin Haji Sulaiman — the personal profile of Dato Sri Ahmad Tarmizi bin Haji Sulaiman is set out above under "*SGOS Guarantor — Management*".

Hasmawati binti Sapawi — the personal profile of Hasmawati binti Sapawi is set out above under "*The Issuer — Management*".

Share Ownership

SII Guarantor is a wholly owned subsidiary of SGOS Guarantor and is ultimately wholly owned by the State.

Relationship with the State Government of Sarawak

The State Government of Sarawak plays an extensive role in overseeing the corporate and financial activities of SII Guarantor, including the following:

- SII Guarantor is managed by a Board of Directors, which comprises persons directly elected or appointed by its shareholders or its directors who are approved and appointed to represent the State Financial Secretary of Sarawak;
- SII Guarantor's borrowings require the prior approvals of its Board of Directors, its ultimate shareholder, being the State Financial Secretary of Sarawak and the Minister of Finance of Sarawak; and
- SGOS Guarantor, which is wholly owned by the State, has agreed to guarantee unconditionally and irrevocably the due payment of all amounts at any time becoming due and payable in respect of the 2015 Notes.

Material Contracts and Business Activities

On 3 August 2005, SII Guarantor issued the Original 2015 Notes and, subsequently, on 27 September 2005, SII Guarantor issued a further U.S.\$200,000,000 5.5 per cent. guaranteed notes due 2015 irrevocably guaranteed by SGOS Guarantor which were consolidated and formed a single series with the Original 2015 Notes. As required by the terms of the 2015 Notes, SII Guarantor maintains with Deutsche Bank AG, London Branch (as account bank) a U.S. dollar denominated interest service reserve account for the purposes of making interest payments on the 2015 Notes.

SII Guarantor has not, since its date of incorporation, carried on any business or activities other than those incidental to its registration, the issuance of the 2015 Notes, and the other matters described or contemplated in this Offering Circular. The activities of SII Guarantor are substantially restricted, *inter alia*, by the covenants (both positive and restrictive) set out in the terms and conditions of the 2015 Notes.

Material Litigation

There are no litigation or arbitration proceedings or claims, material in the context of the Notes, pending or, to SII Guarantor's or SGOS Guarantor's knowledge, threatened against SII Guarantor.

Employees

As at the date of this Offering Circular, SII Guarantor has no employees.

STATE OF SARAWAK

General

Sarawak is the largest state in Malaysia, with an area of approximately 124,500 square kilometres. It is situated along the north-west coast of Borneo and is one of the two states that make up East Malaysia. Sarawak is separated from Peninsular Malaysia by the South China Sea and borders the Malaysian state of Sabah, the Sultanate of Brunei and Kalimantan, Indonesia. The State is divided into 11 administrative divisions, each headed by a Resident, namely Kuching, Sri Aman, Sibuan, Miri, Limbang, Sarikei, Kapit, Samarahan, Bintulu, Betong and Mukah. The capital city of Sarawak is Kuching, which is the administrative centre of Sarawak. Kuching has a population of approximately 593,671.

The population of Sarawak is approximately 2.5 million and is made up of 27 ethnic groups. The official religion is Islam but other religions are also practiced, including Christianity and Buddhism.

State Government of Sarawak and the Political System

Sarawak is a member state of the Federation of Malaysia. Sarawak practises a parliamentary democratic system of government and is regulated under the State Constitution and the Federal Constitution. The Sarawak Constitution provides for a Head of State, a State legislature whose members are elected by way of general election. There is also an independent judiciary. The Head of State is appointed by the King of Malaysia upon the advice of the Chief Minister, serves a four-year term, and has the power to dissolve the legislature and call new elections. The State legislature is elected for a five-year term. The Chief Minister of Sarawak is selected from the members of the legislature by the Head of State. The Sarawak Constitution establishes various ministries forming part of Sarawak's executive branch. All ministers, as well as all assistant ministers, are appointed by the Head of State on the advice of the Chief Minister. Three principal officers, consisting of the State Secretary, State Attorney-General, and State Financial Secretary, are appointed by the Head of State on the advice of the Chief Minister upon consultation with the Government.

A general election for Sarawak's legislature was held on 16 April 2011, and the new State legislature elected will hold its first meeting on 20 June 2011. The next general election must occur within five years from such date. State and federal elections are not required to, and currently do not, coincide. The State's "Barisan Nasional" or the National Front is the main political party in Sarawak. It is comprised of a number of political parties dominated by the Parti Pesaka Bumiputera Bersatu (PBB), Parti Rakyat Sarawak (PRS), Sarawak United People's Party (SUPP) and Sarawak Progressive Democratic Party (SPDP).

The current Chief Minister, Pehin Sri Dr. Hj Abdul Taib Mahmud, was appointed the Chief Minister of the State on 26 March 1981 and has held the office since that date. The Chief Minister heads the executive branch of the State government, which currently is comprised of 11 ministries that execute and administer all policies and projects affecting the State. In addition to the Chief Minister, there are nine ministerial roles that make up the State Cabinet of Ministers.

Legal System

Sarawak is governed by both the Federal and State Constitutions.

The matters over which the State and Federal governments have exclusive power to legislate are laid out as the Federal List and State List, respectively, under the Ninth Schedule of the Federal Constitution. In addition, the Federal Constitution also establishes a Concurrent List of matters which come under the purview of both the State and Federal governments and in respect of which both the State and Federal governments may legislate. Under Article 74 of the Federal Constitution, the Federal government may legislate in respect of matters in the Federal List and, only after consultation with the State, may legislate in respect of matters in the Concurrent List.

Article 13 of the State Constitution provides that the legislature of the State shall consist of the *Yang diPertua Negeri* (the Head of State) and one House, known as the *Dewan Undangan Negeri Sarawak* (the State Legislative Assembly of Sarawak). The legislative branch of the State government is responsible for passing State laws and overseeing the policies and expenditures of the executive branch. The *Dewan Undangan Negeri Sarawak* is currently comprised of 71 members.

Pursuant to the Federal and State Constitutions, the Sarawak State legislature may make laws for the whole or any part of the State. The State legislature may make laws with respect to matters which are enumerated in the State List or the Concurrent List. In addition, Sarawak has powers over matters enumerated in the supplement to the State List (List IIA) and the Concurrent List (List IIIA).

Matters in the State List over which the State has exclusive rights and powers include, *inter alia*, the following:

- (a) matters relating to land including land tenure, registration of title, land improvement and soil conservation, transfer and charges in respect of land, native reservations and compulsory land acquisition;
- (b) revenues from natural resources, including fees and premium, from granting licences and permits for the mining of minerals;
- (c) incorporation of authorities and other bodies incorporated directly by State law, and regulation and winding up of corporations so created;
- (d) agriculture and forestry matters;
- (e) ports and harbours (other than those ports and harbours declared to be Federal by or under Federal laws); and
- (f) fees in respect of any matters included in the State List or dealt with by State law.

In this respect, the State has its own Land Code (Cap. 81), which regulates land use, alienation, overall planning, annual rent on alienated land and the collection of premium whenever State land is alienated. The Ordinance was passed to regulate and maintain financial discipline over statutory bodies established in the State.

Pursuant to Article 12 of the Constitution of the State of Sarawak, the State has the power to acquire, hold and dispose of property of any kind and to enter into agreements.

Other matters relating to, *inter alia*, companies, finance, tax, foreign exchange and loans to public and private enterprise are legislated by the Federal Government and constitute Federal laws.

In addition, save so far as other provisions have been made by any written law in Malaysia, the courts in Sarawak apply the common law of England and the rules of equity, together with statutes of general application, as administered or in force in England on 12 December 1949. Law relating to commerce, trade, banking, insurance and corporations is incorporated in legislation which is based on common law principles (e.g., the Contracts Act, the Civil Law Act and the Specific Relief Act).

The laws that apply in Sarawak comprise Federal laws, the State laws of Sarawak, the common law of England, and English law to the extent mentioned above as developed in the courts of Sarawak, Sabah and Peninsular Malaysia.

Judiciary

Pursuant to Article 121 of the Federal Constitution, there are two High Courts of co-ordinate jurisdiction and status, namely (a) the High Court of Malaya (for the states in Peninsular Malaysia) and (b) the High Court of Sabah and Sarawak (in the states of Sabah and Sarawak). Each High Court consists of a chief judge and not less than four other judges and, in the case of Sarawak, not more than ten.

In Sarawak, the Subordinate Courts consist of the Magistrates Courts and the Sessions Courts.

The hierarchy of courts in Sabah and Sarawak is as follows: the Subordinate Courts, the High Court, followed by the Court of Appeal and then the Federal Court, which is the final avenue for appeal.

Economy

Sarawak is one of the richest states in Malaysia in terms of natural resources. Its real Gross Domestic Product (“GDP”) growth is underpinned by resource-based industries, which provided a cushioning effect during the recession in the late 1990s. Sarawak’s GDP is primarily contributed by the services, manufacturing and mining and quarrying sectors. The State recorded a real GDP contraction of 1.4 per cent. in 2009 compared with a 1.7 per cent. contraction for Malaysia in the corresponding period. In 2010 the State registered favourable real GDP growth of 5.4 per cent.

largely due to stronger domestic economic activities and robust external demand. Export of crude petroleum decreased from 8.3 million barrels in 2009 to 8.0 million barrels in 2010. However, the export value of crude petroleum increased from RM 13.7 billion in 2009 to RM 15.8 billion in 2010.

Real GDP⁽¹⁾ — Summary

	2008	2009	2010 ⁽²⁾
Real GDP (RM million)	49,539	48,848	51,505
Real GDP growth (%)	1.3	-1.4	5.4

Source: State Government of Sarawak and Department of Statistics, Malaysia.

Notes:

- (1) At 2000 constant prices.
- (2) Estimate of the Department of Statistics, Malaysia.

Sector ⁽¹⁾	2008		2009 ⁽²⁾		2010 ⁽³⁾	
	Value	% chg	Value	% chg	Value	% chg
	RM (million)		RM (million)		RM (million)	
Agriculture, Livestock and Fishery	3,810	4.7	4,104	7.7	4,329	5.5
Forestry	3,827	-2.5	3,580	-6.5	3,759	5.0
Mining and Quarrying	9,529	-6.1	9,092	-4.6	9,380	3.2
Primary Sector	17,166	-3.1	16,776	-2.3	17,467	4.1
Manufacturing	13,916	-0.9	13,091	-5.9	13,675	4.5
Construction	1,043	-2.2	1,087	4.2	1,158	6.5
Secondary Sector	14,959	-1.0	14,178	-5.2	14,832	4.6
Utility, Transport, Storage and Communication	4,387	7.2	4,350	-0.8	4,616	6.1
Wholesale, retail trade, hotels and restaurants	4,355	9.9	4,510	3.6	4,951	9.8
Government Services	2,822	9.5	2,882	2.1	3,012	4.5
Other Services	5,637	6.5	5,957	5.7	6,381	7.1
Tertiary Sector	17,200	8.0	17,699	2.9	18,960	7.1
Total Real GDP	49,539	1.3	48,848	-1.4	51,505	5.4
Nominal GDP/Capita (RM)	34,627	17.4	30,318	-12.4	35,289	16.4

Source: State Government of Sarawak and Department of Statistics, Malaysia.

Notes:

- (1) At 2000 constant prices.
- (2) Preliminary.
- (3) Estimate of the Department of Statistics, Malaysia.

The economy is predominantly export-orientated with a strong primary industry sector which includes mining, oil and gas, agriculture and forestry. The primary sector accounted for approximately 33.9 per cent. of Sarawak's GDP in 2010. The secondary industries of construction and manufacturing, which include the production of liquefied natural gas ("LNG"), accounted for approximately 28.7 per cent. of GDP in 2010. Another significant contributor to the economy is the tertiary sector, which contributed approximately 36.8 per cent. of the GDP in 2010. The main contributors to the tertiary sector are private services, such as the wholesale and retail trade industries, transport and communication industries, as well as financial and business services.

Natural resources

In comparison with other states in Malaysia, Sarawak is one of the richest states in terms of its vast natural resources. There are more than 8,000 species of flora and more than 20,000 species of fauna in Sarawak. Sarawak has a coastline of 1,051 kilometres, which yields approximately 300,000 tonnes of marine fish per year. Sarawak has the capacity to produce approximately 20,000 MW of hydropower by 2030, including the Bakun Hydropower station which has an installed capacity of 2,400 MW and the Murum Hydropower station which has an installed capacity of 944 MW.

The State, through Petronas, produces oil and gas, including LNG. All the LNG currently produced in Malaysia comes from Sarawak. Malaysia is the third largest LNG-exporter in the world. According to the Department of Statistics, Malaysia, Sarawak exported 23.3 million tonnes of LNG in 2010. Based on data provided by Petronas, Sarawak has 42.6 trillion cubic feet of natural gas reserves and 1,388 billion barrels of oil.

In terms of agricultural potential, the State has 2.2 million hectares of land for agriculture development. Sarawak produced approximately 2 million tonnes of crude palm oil in 2009 and approximately 2.2 million tonnes in 2010; 26,700 tonnes of rubber in 2009; 23,000 tonnes of pepper (white and black) in 2009; and 1,300 tonnes of cocoa beans (raw and roasted) in 2009 and 1,490 tonnes in 2010. As at December 2010 a total of 919,414 hectares of land had been planted with oil palm plantations.

Another important and abundant natural resource in Sarawak is its forest, which produces timber and a multitude of other forest products. In 2009, Sarawak produced 10.4 million cubic metres of saw logs, 1.1 million cubic metres of sawn timber, 2.8 million cubic metres of poles and 2.5 million cubic metres of plywood.

Balance of Trade

	2008	2009 ⁽¹⁾	2010 ⁽²⁾
	Value		
	RM (million)		
Exports	91,147	61,968	76,272
Imports	27,609	24,274	26,110
Balance of Trade	63,538	37,694	50,161

Source: State Government of Sarawak and Department of Statistics, Malaysia

Notes:

- (1) Preliminary figures.
- (2) Estimate of the Department of Statistics, Malaysia.

The State registered a trade surplus of RM 50,161 million or an increase of 33.1 per cent. in 2010, compared to RM 37,694 million in 2009. Growth in exports was high at 23.1 per cent., largely attributed to an increase in exports of LNG, crude palm oil and wood products. Exports of oil and gas accounted for 70.8 per cent. of the State's total exports in 2010. Other principal exports include timber products, which accounted for 8.4 per cent. of the State's total exports, palm oil, which accounted for 7.1 per cent., and petroleum products, which accounted for 1.2 per cent. in 2010.

Imports of capital goods remain crucial in the development of Sarawak. Capital goods accounted for 34.1 per cent. of Sarawak's total imports in 2010 and grew by 6.8 per cent. Imports of intermediate goods, which are reflected by imports of mineral fuels and lubricants, animal and vegetable oils and fats, chemicals and manufactured goods, together, accounted for 43.8 per cent. of Sarawak imports in 2010.

Sub-Sovereign Rating

As at the date of this Offering Circular, Sarawak has a long-term foreign currency unsecured rating of Baa1 with a “positive” outlook by Moody’s Investors Service, Inc (“**Moody’s**”), and a rating of A- with a “stable” outlook by Standard & Poor’s.

Revenue

The division of revenue between Malaysia and each State is set out in the Tenth Schedule of the Federal Constitution. Under the Federal Constitution, there are several rights relating to the assignment of taxes and sources of revenue, which are unique to the states of Sabah and Sarawak, that are included in the State Lists of Sabah and Sarawak. These additional sources of revenue include import and excise duties on petroleum products, export duties on timber products, State taxes (including taxes on crude palm oil sales) and port dues.

In addition, the territory of Sarawak includes the continental shelf off the coast of Sarawak and the rights of Sarawak to revenue generated from natural resources in the continental shelf, including oil and gas, are protected under the Federal Constitution and the Petroleum Development Act 1974. The Government is obliged by the Federal Constitution to compensate the State, in the form of cash compensation, in the event that it exercises any rights to exploit natural resources belonging to the State. Pursuant to the Petroleum Development Act 1974 the entire ownership in and the exclusive rights, powers, liberties and privileges of exploring, exploiting, winning and obtaining petroleum onshore or offshore in Malaysia is vested in Petroleum Nasional Berhad (Petronas). Petronas is obliged to make cash payments to the State Government of Sarawak as may be agreed between the parties concerned in return for the ownership and exploitation of rights, powers, liberties and privileges vested in Petronas. Pursuant to an agreement between the State, the Government and Petronas executed in 1975, the State receives cash compensation from Petronas equal to 5 per cent. of the selling price of petroleum extracted from its territory.

As a result of these constitutional rights, the State enjoys a degree of financial autonomy that is not available to other states in Peninsular Malaysia.

The State’s revenue sources under the State’s consolidated revenue accounts are divided into four categories:

1. *Tax Revenue:* includes forest royalties, State sales tax and raw water levies.
2. *Non-Tax Revenue:* includes cash compensation from Petronas for oil and gas rights, land sale premiums and compensation in lieu of import and excise duties on petroleum products.
3. *Non-Revenue Receipts:* includes recovery of overpayments and proceeds of disposal of assets.
4. *Federal Grants and Reimbursements:* includes grants from the Government in respect of obligations for which the Government has to provide funding to the State under the Federal Constitution.

See also “*Selected Financial Information — Summary of Revenue 2008-2010: Major Sources*”.

Sarawak’s revenue is derived primarily from its natural resources, particularly cash compensation from Petronas in respect of oil and gas, and forestry. The State also receives revenue in the form of dividends from its investments in various industries, interest from its cash deposits, and sales tax from gaming and plantation products. Sales tax on gaming increased from 5 per cent. to 10 per cent., with effect from 1 January 2004. Sales tax levied on palm oil ranges from 2.5 per cent. to 5 per cent., depending on the market price.

Largely due to decreases in prices and production of oil and gas and also lower dividends received by the State, the total revenue of the State decreased 29.4 per cent. from RM 6,460.7 million for 2008 to RM 4,563.3 million for 2009, and increased by 22.9 per cent. to RM 5,607.2 million for 2010. Revenue derived from oil and gas production decreased by 12.9 per cent. from RM 2,142.3 million for 2008 to RM 1,864.9 million for 2009 and decreased by 7.2 per cent. to RM 1,730.0 million for 2010.

The State has also sought to introduce non-resource based industries such as palm oil and shipbuilding. In addition, the State is developing its tourism sector and, in particular, making an effort to attract eco and bio tourism to the State.

Budget

The State has absolute discretion in the preparation of the annual budget.

The State's annual budget is prepared by the implementing State agencies, ministries and departments coordinated by the State Financial Secretary's Office of the Ministry of Finance, Sarawak. The annual budget is then approved by the State Cabinet and the State Legislative Assembly. The 2011 budget for the State has been set at RM 3.9 billion for revenue, RM 1.3 billion for operating expenditure and RM 3.6 billion for development expenditure. For development expenditure, the provision is made available for the implementation of programs and projects approved for the first year of the 10th Malaysia Plan.

Pursuant to the Federal Constitution, the Government undertakes expenditure in the State in respect of matters for which the Government is responsible. This includes education, defence, security and health and funding for development.

State Government spending in Sarawak has consisted of the following amounts for the following periods indicated:

Year	Development	Operating
	(RM million)	
2006	1,771.1	1,126.3
2007	2,200.0	1,116.1
2008	2,710.7	1,217.8
2009	2,833.8	1,297.9
2010 (unaudited)	2,490.2	1,289.2

Source: State Government of Sarawak

Federal direct spending in Sarawak has consisted of the following amounts for the following periods indicated:

Year	Development	Operating
	(RM million)	
2006	185	2,047
2007	1,148	4,969
2008	971	5,116
2009 ⁽¹⁾	1,647	5,678

Source: Yearbook of Statistics Sarawak, Department of Statistics, Malaysia

Note:

(1) State Planning Unit, Sarawak estimates based on data collected from the respective Divisional Federal Treasury Offices.

Expenditure

The State divides its expenditure into ordinary and development expenditure. Ordinary expenditure covers operating expenditure of all the State's ministries and departments and also contributions to the State Development Fund Account. Development expenditure consists of the expenditure incurred by the ministries and departments of the State for development purposes. In 2010, operating expenditure totalled approximately RM 1,289 million (approximately 34.1 per cent. of the total 2010 expenditure).

The State's total development expenditure increased by 4.5 per cent. from RM 2,710.7 million for 2008 to RM 2,833.8 million for 2009, and decreased by 12.1 per cent. to RM 2,490.2 million for 2010. The increase in expenditure for the year 2009 was primarily due to an increase in expenditure in the commerce and industrial sector for investment purposes.

Development is funded by the revenue generated by the State together with funds that are made available by the Government. These funds are passed through the Development Fund Account of the State and made available to the relevant ministries to spend in accordance with the budget. In 2010, development expenditure totalled approximately RM 2,490.2 million (approximately 65.9 per cent. of 2010 total expenditure).

Labour

Between 2005 and 2009, the State experienced an average unemployment rate of 4.5 per cent. For 2009, the unemployment rate for Sarawak was 4.6 per cent. as compared to 3.7 per cent. for Malaysia. The strategy taken by the Government to address the existing unemployment rate is to equip the labour force with appropriate skills through the various skill-training programmes to be conducted under SCORE.

Extracted Financial Information

The following tables set forth certain extracted financial information for Sarawak for the years indicated. The State prepares its annual financial statements in accordance with Section 16 of the Financial Procedure Act of 1957 (Act 61). The extracted financial data for the years ended 31 December 2008 and 2009 is based on financial statements that have been audited by the Auditor General of Malaysia of Jabatan Audit Negara Sarawak, Tingkat 4 Bangunan Sultan Iskandar, Jalan Simpang Tiga, 93518, Kuching, Sarawak. The audit reports of such auditor are also submitted to the Government and the State Legislative Assembly. The extracted financial data for the year ended 31 December 2010 is based on unaudited statements of the State prepared on a consistent basis.

State Revenue 2008-2010

	2008		2009		2010	
	Actual		Actual		Unaudited	
	RM (Million)	%	RM (Million)	%	RM (Million)	%
Tax Revenue	1,071.8	16.6	807.9	17.7	1,160.1	20.7
Non Tax Revenue	5,246.0	81.2	3,642.4	79.8	4,331.7	77.3
Non Revenue Receipts	21.6	0.3	10.3	0.2	13.5	0.2
Federal Grants and Reimbursement	121.3	1.9	102.7	2.3	101.9	1.8
Total Revenue	6,460.7	100.0	4,563.3	100	5,607.2	100.0

Summary of Revenue 2008-2010: Major Sources

	2008		2009		2010	
	Actual		Actual		Unaudited	
	RM (Million)	%	RM (Million)	%	RM (Million)	%
Oil and Gas	2,142.3	33.2	1,864.9	44.0	1,730.0	30.9
Forestry	636.3	9.8	411.9	13.5	711.5	12.7
Dividend and Interest	2,636.3	40.8	1,263.6	25.5	2,104.1	37.5
Sales Tax	376.1	5.8	321.1	5.6	382.7	6.8
Land Premium	169.7	2.6	261.8	3.9	269.3	4.8
Federal Grant	121.3	1.9	102.7	2.2	101.9	1.8
Revenue from other sources	378.7	5.9	337.3	5.3	307.7	5.5
Total	6,460.7	100.0	4,563.3	100.0	5,607.2	100.0

Development Expenditure by Sector 2008-2010

	2008		2009		2010	
	Actual		(Actual)		Unaudited	
	RM (Million)	%	RM (Million)	%	RM (Million)	%
Commerce and Industry	1,827.9	67.4	1,954.2	69.0	1,280.4	51.4
Agriculture and Land Development	144.2	5.3	108.1	3.8	173.7	7.0
Transport and Communication	207.2	7.6	161.0	5.7	274.7	11.0
Social and Community Development	125.1	4.6	129.6	4.6	246.6	9.9
General Administration	237.5	8.8	237.5	8.4	224.2	9.0
Public Utilities	168.8	6.2	243.4	8.6	290.6	11.7
Total	2,710.7	100.0	2,833.8	100.0	2,490.2	100.0

Ordinary Expenditure 2008-2010

	2008		2009		2010	
	Actual		Actual		Unaudited	
	RM (Million)	%	RM (Million)	%	RM (Million)	%
Personal Emolument ⁽¹⁾	410.2	9.3	417.1	11.4	480.8	14.2
Supplies and Services ⁽²⁾	421.2	9.5	487.2	13.4	473.3	14.0
Assets ⁽³⁾	11.2	0.3	14.5	0.4	18.8	0.6
Grants and Fixed Payments ⁽⁴⁾	352.6	8.0	368.5	10.1	311.2	9.2
Others	22.7	0.5	10.6	0.3	5.1	0.2
Contributions to Statutory Funds ⁽⁵⁾	3,200.0	72.4	2,350.0	64.4	2,100	62.0
Total	4,417.8	100.0	3,647.9	100.0	3,389.2	100.0

Notes:

- (1) Comprises salaries, allowances, statutory contributions and other financial benefits for the Head of the State, members of the State Legislative Assembly and government officers.
- (2) Comprises payment for supplies and services expended in the course of performance of duties and provision of services.
- (3) Comprises all assets purchased, including machines and equipment, animals, plants and seeds, including payment for improvements to the above-mentioned assets.

- (4) Comprises scholarships, bursaries and various grants and assistance and other payments, including interest, dividends, insurance claims and indemnities.
- (5) Comprises appropriation from the Consolidated Revenue Account to Statutory Funds, such as the Development Fund.

Revenue and Expenditure Trends 2008-2010

	2008	2009	2010
	Actual	Actual	Unaudited
	RM (Million)		
Revenue	6,460.7	4,563.3	5,607.2
Operating Expenditure	1,217.9	1,297.9	1,289.2
Operating Surplus/Deficit	5,242.9	3,265.4	4,318.1
Appropriation to Development Fund A/C	3,200.0	2,350.0	2,100.0
Overall Surplus/Deficit	2,042.9	915.4	2,218.1
Current GDP	84,875.0	74,910.0	85,400.0
Overall Surplus/(Deficit) as a % over current GDP	2.4	1.2	2.6
Overall Surplus/ (Deficit) as a % over revenue	31.6	20.1	39.6

Selected Balance Sheet Data 2008-2010

	2008	2009	2010
	Actual	Actual	Unaudited
	RM (Million)		
Assets			
Investment in securities ⁽¹⁾	2,545.6	2,564.7	2,572.8
Recoverable loans due to State Government from State agencies	2,307.8	2,246.6	2,225.5
Total	4,853.4	4,811.3	4,798.3
Liabilities			
Loans due to Government	1,637.6	1,747.5	1,762.4

Note:

(1) at nominal value.

In addition, the State cash reserves increased from approximately RM 12,131 million as at 31 December 2008 to approximately RM 13,232 million as at 31 December 2009. As at 31 December 2010, the State had cash reserves totalling approximately RM 15,707 million, all of which were held in fixed deposits and other money market investments.

Liabilities

As at 31 December 2010, the State's unaudited liabilities comprised of borrowings of approximately RM 1,762 million from the Federal Government, which represents funding passed through the State, which the State lends to various State agencies. These borrowings are on a long-term basis and are expected to be repaid from the investments made with the borrowed funds, for example, from proceeds of low cost housing projects and water projects. Additionally, as at 31 December 2010, the State had issued letters of support in relation to certain borrowings totalling approximately RM 8,338 million taken by State agencies and companies.

Background to the Issuance of the Notes

The Notes are being issued (among other reasons) to raise funds for the financing of strategic development projects of the State of Sarawak, including, but not limited to, the following:

- SCORE is located within the central region of Sarawak and covers an area of about 70,000 square kilometres (or 57.0 per cent. of Sarawak's land area) and over 600,000 people. SCORE is a major development initiative of the Government to accelerate the development and growth of the Sarawak economy so as to achieve a developed status by the year 2020. The core of the corridor is the energy resources, particularly hydropower (28,000 MW), coal (1.46 billion tonnes) and natural gas (40.9 trillion square cubic feet), which will allow Sarawak to price its energy competitively and encourage investments in power generation and energy-intensive industries such as aluminium, steel, marine engineering, and downstream oil and timber activities. The contribution of SCORE to the State GDP is estimated to be RM 118 billion by 2030 in real terms, at an average GDP growth of 7.0 per cent. per annum, with the creation of an estimated 1.6 million jobs. Mukah, Tanjung Manis, Samalaju, Baram and Tunoh have been identified as the "New Growth Nodes". The Mukah Node will be developed into a "Smart City", the Tanjung Manis Node will be developed into an industrial port and Halal hub (see below), the Samalaju Node will become the new heavy industry centre and Baram and Tunoh will focus on tourism and resource based industries.
- TMHH, established initially over 77,000 hectares of agricultural land, is being developed to be the largest integrated Halal hub in Malaysia. TMHH aims to promote Halal industries such as aquaculture, agriculture, biotechnology, farming, food processing, research and development and other support industries as well as other high value Halal and green technology industries. The State aims through the development of the TMHH to improve the socio-economic well-being of the people in the area and Sarawak by creating opportunities that would contribute to prosperity and growth. Key components of the development of TMHH include a new township, proposed new airport, housing and commercial developments, a healthcare village and a proposed seaport.
- Sarawak has a diverse wealth of biological resources and the State has initiated programmes for the conservation, utilisation, protection and sustainable development of biodiversity. The development of the biotech sector has unique applications in healthcare, agriculture and industry which will assist in accelerating the State's economic growth and development, as well as improving the quality of life for the people of Sarawak.

OVERVIEW OF MALAYSIA

The following information regarding Malaysia is included for information purposes only and has not been independently verified by the Issuer, the Guarantors or GSI or any of their respective affiliates or advisors. All of the data and information contained below has been obtained from publicly available official sources of Malaysia and the Issuer and the Guarantors take responsibility only for the accurate extraction of such information.

MALAYSIA

General

Malaysia is located in south-east Asia, just north of the equator, and consists of two major land masses, Peninsular Malaysia and East Malaysia, the latter comprising the states of Sabah and Sarawak, which are located on the island of Borneo. Peninsular Malaysia is separated from the states of Sabah and Sarawak by the South China Sea. The total land area of Malaysia is approximately 330,000 square kilometres.

Population and Society

Malaysia has a population of approximately 28.5 million. Kuala Lumpur, the capital and largest city, has an estimated population of 1.72 million. As of 2010, Malays and other indigenous peoples (together referred to as “**Bumiputra**”) make up approximately 61.7 per cent. of Malaysia’s population. Malaysian Chinese make up approximately 23.7 per cent. of the population and Malaysian Indians and other races make up the remaining 14.6 per cent. of the population.

The official language of Malaysia is Bahasa Malaysia, but English is widely spoken.

Sovereign Rating

Malaysia’s long-term foreign-currency ratings as at the date of this Offering Circular are “A3” by Moody’s with a “stable” outlook and “A-” by Standard & Poor’s with a “stable” outlook. Malaysia’s short-term foreign-currency ratings as at the date of this Offering Circular are “P-1” by Moody’s and “A-2” by Standard & Poor’s.

Government and Political System

Peninsular Malaysia attained independence from Britain in 1957 as the Federation of Malaya. In 1963, Malaysia was formed as the successor to the Federation of Malaya, incorporating Sarawak, Sabah and Singapore. In August 1965, Singapore separated from Malaysia. Malaysia now consists of 13 states and three Federal territories: Kuala Lumpur, Labuan and Putrajaya.

Malaysia is a parliamentary democracy with a federal system of government headed by a constitutional monarch. The King of Malaysia is elected for a five-year term by nine hereditary rulers who are members of a Conference of Rulers. The framework of Malaysia’s government is determined by the federal constitution adopted at the time of independence, which lays the framework for the federal executive, legislative and judicial system. Federal executive power is exercised by the Prime Minister and his cabinet. The Prime Minister must himself be a member of the federal House of Representatives. After more than 20 years of service as the Prime Minister of Malaysia, Tun Dr. Mahathir bin Mohamad retired from office on 31 October 2003 and Datuk Seri Abdullah Ahmad Badawi was named the new Prime Minister of Malaysia. In the 2004 and 2008 elections, the National Front coalition won and Datuk Seri Abdullah Ahmad Badawi remained as the Prime Minister of Malaysia. Datuk Seri Mohd Najib was appointed as Malaysia’s 6th Prime Minister on 3 April 2009 after Datuk Seri Abdullah Ahmad Badawi stepped down as Prime Minister.

The Federal legislative authority in Malaysia is vested in the Parliament, which consists of the King of Malaysia and two Houses of Parliament known as the Senate (*Dewan Negara*) and the House of Representatives (*Dewan Rakyat*). The members of the House of Representatives are elected by popular vote for five-year terms. The members of the Senate, who serve three-year terms, are popularly elected or are appointed by the King of Malaysia.

Since its formation, Malaysia has been governed by the National Front coalition comprising three major component parties, namely the United Malays National Organisation (“**UMNO**”), the Malaysian Chinese Association and the Malaysian Indian Congress. An opposition to the coalition exists but it has never been able to capture sufficient support to win control of the Federal Parliament. In the 2008 general elections, members of the National Front coalition were elected to 137 out of 222 seats in the House of Representatives of the Federal Parliament. UMNO is the dominant party in the coalition, holding 78 of the coalition’s 137 seats. Under the Federal Constitution, general elections must be held every five years, and the next general elections must be held before 2013.

Economic Policy and Planning

Malaysia has a diversified economy, the principal sectors of which are services, manufacturing, agriculture, mining and construction. Malaysia produces and exports a wide range of primary commodities and manufactured goods, including electronic components and equipment, electrical machinery and appliances, chemicals, textiles, wood products, metal products, petroleum, LNG, sawn timber, saw logs and tin. Malaysia is also one of the world’s largest exporters of semiconductors, computer hard-disks, audio and video products, air conditioners, rubber gloves, palm oil and rubber. The last decade has seen a widening of Malaysia’s industrial base and its services sector as it seeks to move up the value chain and attract high-technology, high value-added, knowledge-based and skills intensive industries.

Since 1966, the Government has formulated and implemented a series of five-year plans for the development of the Malaysian economy. These plans have been guided by the development policies set out in the “New Economy Policy” in 1970 and the “National Development Policy” in 1991 with a working paper presented by the Prime Minister in February 1991 entitled “Malaysia: The Way Forward” (known as Vision 2020). The goals are to eradicate poverty and redistribute wealth through growth. The Government’s implementation of these five year plans and development policies has had a major influence on the Malaysian economy.

In 2009, the Government established the National Economic Advisory Council to assist in formulating the “New Economic Model” designed to bring the economy back to its high growth trajectory and to enable Malaysia to reach the goal established in Vision 2020 of becoming a high-income advanced economy by the year 2020.

The Government holds equity interests in a number of major corporations including non-financial public enterprises involved in certain strategic sectors including telecommunications, power, transportation, petroleum, construction and services. The principal non-financial public enterprises are Tenaga Nasional Berhad, Telekom Malaysia Berhad, Petroliam Nasional Berhad also known as Petronas, Putrajaya Holdings Sdn. Bhd., and Malaysia Airports Holdings Berhad. However, in his speech presenting the 2011 Budget for Malaysia, the Prime Minister and Minister of Finance, Datuk Seri Mohd Najib, stated that while the Government had taken an active role in driving economic growth since the 1997/1998 financial crisis, the private sector was expected to resume its role as the engine of growth and that the 10th Malaysia Plan would emphasise the private sector’s role.

The 10th Malaysia Plan

The 10th Malaysia Plan is formulated to continue progress towards Vision 2020. The 10th Malaysia Plan is the key-working document for the implementation of the Government’s development programme. The 10th Malaysia Plan sets out macroeconomic growth targets, as well as the size of, and allocations for, public sector development programmes. The overall focus of the 10th Malaysia Plan for Sarawak is on providing special attention to Bumiputra, the development of rural areas by upgrading roads as well as the supply of water and electricity, and ensuring responsible utilisation of resource-based industries.

Malaysia is experiencing a strong recovery from the global financial crisis having recorded GDP growth of 7.2 per cent. in 2010. The 10th Malaysia Plan seeks to achieve its objectives for 2020 by maintaining an average growth rate of 6.0 per cent. during the 10th Malaysia Plan period.

The total Federal budget of the 9th Malaysia Plan was RM 220 billion, of which RM 13.4 billion, or 6.7 per cent., was allocated to development programmes in Sarawak. The total Federal budget for the 10th Malaysia Plan is RM 230 billion, of which RM 9.3 billion, or approximately 4 per cent., has been allocated to development programmes in Sarawak during the first rolling plan, being 2011 to 2012.

The Federal allocation for Sarawak's public sector development programme for the 9th Malaysia Plan was RM 15.1 billion, compared to RM 12.8 billion under the 8th Malaysia Plan. For the 10th Malaysia Plan, the Federal allocation for Sarawak's public sector development programme is approximately RM 9.3 billion for 2011 and 2012, being the first rolling plan under the 10th Malaysia Plan. Under the 10th Malaysia Plan, approximately 32.5 per cent. has been allocated to the utility sector, 22.7 per cent. to rural development, 15.6 per cent. to infrastructure, 14.9 per cent. to social development, 5.3 per cent. to human resource development and the remaining approximately 8.9 per cent. to other economic activities including agriculture, administration and the finance sector.

Overall Economic Performance

Driven by strong domestic and external demand, real GDP expanded to 7.2 per cent. in 2010 versus contraction of 1.7 per cent. in 2009. The Consumer Price Index ("**CPI**") for the period January to December 2010 increased to 100.0 compared with that of 98.3 in the same period the prior year.

In 2008, real GDP registered a growth of 4.7 per cent. with favourable growth across all major sectors. Growth in the first half of the year was driven by robust performance of the services sector with further support coming from the manufacturing and agriculture sectors. However, the sharp deterioration in global economic conditions in the second half of 2008 weakened the performance of sectors directly exposed to global demand, particularly the electrical and electronics industry. The external sector was also affected by the decline of commodity prices. Consequently, the manufacturing and agriculture sectors grew by 1.3 per cent. and 4.3 per cent. respectively, while the mining sector contracted by 2.4 per cent. The economy, however, continued to be supported by the services sector, which registered a growth of 7.4 per cent.

Amidst the global financial crisis, real GDP contracted by 1.7 per cent. in 2009. The manufacturing sector was significantly affected with a decline of 9.4 per cent., as the electronics and electrical cluster contracted at an unprecedented rate. The mining sector also contracted by 3.8 per cent. on account of lower production of crude oil and natural gas resulting from the lower external demand. The agriculture sector recorded a marginal growth of 0.4 per cent. due to lower production of industrial crops. The services sector provided support to the economy, with a growth of 2.6 per cent., mainly supported by the resilient domestic demand amidst the fiscal stimulus and the accommodative monetary policy. The construction sector recorded a stronger growth of 5.8 per cent. due primarily to the implementation of construction-related activities under the 9th Malaysia Plan and fiscal stimulus packages.

In 2010, real GDP registered strong year-on-year growth of 7.2 per cent. with all economic sectors recording positive growth. Strong growth was registered in the manufacturing sector of 11.4 per cent. and services sector of 6.8 per cent. following improvements in both domestic and external demand conditions. The construction sector continued to expand at a pace of 5.2 per cent. (year-on-year) during the quarter, supported by the implementation of construction-related projects under the second fiscal stimulus package and the 9th Malaysia Plan. Meanwhile, the turnaround in the mining sector largely reflected a substantial increase in natural gas production to meet higher external demand. The agriculture sector expanded further, supported mainly by higher rubber production and a moderate increase in palm oil production.

Selected Economic Data

The following table sets forth selected economic data relating to Malaysia for the years ended 31 December 2008, 2009 and 2010:

	Year Ended 31 December		
	2008	2009	2010
	(RM billion, except % and as otherwise stated)		
GDP (base year 2000) (RM billion)	530.2	521.1	530.2
Growth in real GDP (% change)	4.7	(1.7)	7.2
Consumer price index (2010=100).	97.7	98.3	100.0
Producer price index (2005=100)	119.9	111.1	117.3
Unemployment rate (% change)	3.3	3.7	3.4
Gross exports	663.0	552.5	639.4
Gross imports	519.8	434.7	529.2
Trade balance	143.1	117.8	110.2

Source: Department of Statistics

Gross National Savings

Historically, Malaysia has sustained a high rate of savings by international standards, averaging 36.5 per cent. of gross national product during the five-year period ending 31 December 2009. The high rate of savings has been driven predominantly by Malaysia's generally rising real incomes, low inflation and a well-developed financial system. In addition, the Government has attempted to promote private sector savings through savings programs such as the "Employees Provident Fund". From 2005 to 2009, gross national savings rose from RM 182.8 billion to RM 210.6 billion. Gross national savings increased from RM 210.6 billion to RM 266.6 billion in 2010.

Monetary Policy

BNM is responsible for formulating and implementing monetary policy. The principal instruments it has used to implement policy include open market operations, direct borrowing and lending, variations in reserve requirements and recycling of government deposits.

The Central Bank of Malaysia Act 2009 states that one of the principal objects of BNM is to promote monetary stability. In promoting monetary stability, BNM is mandated to pursue a monetary policy which serves the interests of the country with the primary objective of maintaining price stability whilst giving due regard to the developments in the economy. In essence, this means that BNM is responsible for ensuring that the inflation rate remains low and stable, while at the same time maintaining sustainable economic growth. Sustainable growth in turn is interpreted as achieving growth that is at or close to the economy's potential while minimising the volatility of output around that potential. Such an objective has been the cornerstone of monetary policy analysis, formulation and implementation by BNM even prior to Central Bank of Malaysia Act 2009, when the Central Bank of Malaysia Act 1958 (revised 1994 and 2003) was in force.

The Financial System

The Malaysian financial system consists of BNM, banking institutions and non-bank financial institutions. Banking institutions comprise of commercial banks, finance companies and merchant banks. The Government established an international offshore financial centre in the Federal Territory of Labuan in 1990 and is also committed to promoting and developing the Islamic banking sector, non-bank financial institutions and other financial intermediaries.

To address the effects on the domestic economy of the regional economic crisis that began in mid-1997, the Government introduced various measures to deal with potential banking sector problems. These measures involved: (a) the consolidation of its finance companies; (b) the establishment of Pengurusan Danaharta Nasional Berhad, the national asset management

company, to address the risk of non-performing loans in the banking system; (c) the establishment of Danamodal Nasional Berhad, a special purpose vehicle to address the erosion of capital in the banking system; and (d) the establishment of the Corporate Debt Restructuring Committee to resolve corporate debt problems.

In recent times, in keeping with the theme of spurring private investment, the Government has sought to liberalise the capital markets in particular by diversifying investment products, liberalising equity holding requirements and investment limits, providing attractive incentives as well as enhancing cooperation with foreign bourses. The Government also seeks to cement Malaysia's position as a premier Islamic capital market.

Labour

Labour market conditions remained stable in 2008, 2009 and 2010, stemming from a favourable external environment and strong domestic economic activities. There was a slight increase in the unemployment rate from 3.3 per cent. to 3.7 per cent. from 2008 to 2009 but this subsequently dropped to 3.4 per cent. in 2010. In 2010, the services sector recorded the highest share of total employment, at 60.2 per cent., followed by the manufacturing sector at 16.9 per cent. and the agriculture, forestry and fishing sector at 13.3 per cent.

As at 31 December 2010, a total of 1.8 million foreign workers were employed in the country, of which the majority were from Indonesia (44.0 per cent.), Bangladesh (18.0 per cent.) and Nepal (14.0 per cent.).

Foreign Investment

The Government promotes foreign direct investment ("**FDI**") in the manufacturing sector and related services. The Government aims to encourage projects to be undertaken on a joint-venture basis between Malaysians and foreign entrepreneurs. From 2005 to 2009, net FDI inflows averaged about RM 19.3 billion (or 3.1 per cent. of GDP) per year. FDI inflows from 2005 to 2009 were mainly originated in the advanced economies, principally Japan and the United States but also from regional economies such as Singapore and Hong Kong. However, relatively lower net FDI inflow was recorded in 2009, amounting to just RM 5.7 billion, compared to RM 24.1 billion in 2008, due to the sharp deterioration in global economic conditions.

The Government's efforts have been directed at attracting higher value-added activities and projects as well as high technology capital-intensive and skills-intensive ones. As a major initiative to make doing business in Malaysia easier and attract additional FDI, the Government abolished the Foreign Investment Committee ("**FIC**") and repealed its guidelines (the "**FIC Guidelines**") with effect from 30 June 2009. The FIC Guidelines were viewed as a source of regulatory uncertainty and were seen as not in line with international practices. Since 30 June 2009, all individual and corporate transactions involving acquisition of interests, mergers and takeovers of companies and businesses in Malaysia no longer need FIC approval. However, sectors categorised as strategic and of national interest, such as energy, commercial vehicles, water, financial services and communications and multimedia, will continue to be subject to equity conditions as imposed by their respective regulator.

On 30 June 2009, the Government, through the Economic Planning Unit, Prime Minister's Department introduced the Guideline on the Acquisition of Properties (the "**Guideline**"). Among others things, the Guideline provides as follows:

- (a) all property acquisition, except for residential units, requires approval of the EPU when:
 - (i) direct acquisition of property valued at RM 20 million and above results in the dilution of ownership of property held by Bumiputra interests and/or government agencies; or
 - (ii) indirect acquisition of property by other than Bumiputra interests through acquisition of shares results in a change of control of the company owned by Bumiputra interests and/or government agencies, having property more than 50.0 per cent. of its total assets, and the said property is valued at more than RM 20 million.

- (b) foreign interests may purchase residential or commercial property priced at RM 500,000 and above per unit; and
- (c) under certain circumstances, companies will be required to be at least 30 per cent. Bumiputra-owned as well as have minimum paid-up capital of RM 250,000.

Foreign Trade

Foreign trade is significant to the Malaysian economy. There was a decrease in exports of 16.7 per cent. from 2008 to 2009 but this subsequently increased by 15.7 per cent. in 2010. In 2010, the export of machinery and transport equipment increased by 9.3 percent. from RM 258,628.0 million in 2009 to RM 280,745.3 million, and accounted for 43.9 per cent. of Malaysia's total exports in 2010. Major agriculture exports include palm oil and rubber, and major mineral exports include crude petroleum and LNG.

Export of electrical and electronic products, valued at RM 61.3 billion, remained as Malaysia's leading export which accounted for 35.9 per cent. of total exports during the first three months of 2011. The major component, namely electronic integrated circuits, accounted for RM 22.3 billion or 13.1 per cent. of total exports of electrical and electronic products.

Palm oil and palm oil-based products, the second largest export revenue earner with a total combined value of RM 18.6 billion for the period of January to March 2011, contributed 10.9 per cent. to total exports. Exports of palm oil as the major commodity in this group of products, escalated by 20.0 per cent. to RM 13.6 billion. This expansion was led by higher average unit value, which increased by 39.1 per cent. to RM 3,556 per tonne. However, export volumes declined by 13.7 per cent. to 3.8 million tonnes.

LNG, which made up 6.3 per cent. of total exports for the period from January to March 2011, remained the third largest export commodity. Total exports of LNG rose by 6.8 per cent. to RM 10.7 billion from 2010. This was due to a rise in exports volume of 5.6 per cent. to 6.8 million tonnes and a marginal increase in average unit value of 1.1 per cent. to RM 1,587 per tonne.

Malaysia's top ten export destinations were the People's Republic of China, the Republic of Singapore, Japan, the EU, the United States of America, Thailand, Hong Kong, India, the Republic of Korea and Australia. These countries accounted for RM 132.2 billion or 77.5 per cent. of Malaysia's total exports in the period of January to March 2011.

Malaysia's top ten trading partners were the People's Republic of China, the Republic of Singapore, Japan, the EU, the United States of America, Thailand, the Republic of Indonesia, the Republic of Korea, Hong Kong and Taiwan. These countries collectively contributed 78.0 per cent. (RM 238.2 billion) of Malaysia's total trade in the first quarter of 2011.

Malaysia's exports to ASEAN amounted to RM 41.65 billion in the period of January to March 2011.

Balance of Payment

The current account balance in 2010 was RM 90.5 billion, decreased substantially by 19.3 per cent. from RM 112.1 billion recorded in 2009. This was due to higher net payments on the income account, lower surplus on goods, lower net receipts on services and higher outlay of current transfers.

In the capital account, both credit and debit increased by RM 71 million and RM 95 million to post RM 82 million and RM 267 million, respectively. On a net basis, the capital account recorded a higher outflow of RM 185 million from RM 161 million in 2009.

For 2010, the financial account recorded a lower net outflow of RM 21.9 billion from RM 80.2 billion in 2009. This resulted from the reversal on portfolio investment from an outflow of RM 1.7 billion posted in 2009 to an inflow of RM 44.9 billion in 2010. In addition, both net flows of direct investment and other investment narrowed considerably.

Exchange Control Policy

As part of the package of policy responses to the 1997 economic crisis in Southeast Asia, the Malaysian Government introduced selective exchange control measures in September 1998. These measures were designed to eliminate the internationalisation of the Ringgit, contain speculation and stabilise short-term capital outflows.

The Government subsequently liberalised such selective capital control measures in 1999 to allow foreign investors to repatriate principal capital and profits, subject to an exit levy based on a percentage of profits repatriated. On 1 February 2001, the Government revised the levy to apply only to profits made from portfolio investments retained in Malaysia for less than one year. On 2 May 2001, the Government lifted all such controls affecting the repatriation of foreign portfolio funds (largely consisting of proceeds from the sale of stocks listed on Bursa Malaysia Securities Berhad). On 1 April 2004, the Government further liberalised the capital control measures by lifting all restrictions on the repatriation of capital, profits, dividends, interest and rental income by foreign direct investors and portfolio investors.

The Government announced further relaxations effective 1 April 2005. Residents have now been given greater flexibility to invest abroad, including lending in foreign currency to non-residents and placements in foreign currency accounts.

In 2007, to widen foreign investors' base in Ringgit assets, flexibility was granted to licensed onshore banks to appoint overseas branches of their banking group to facilitate the settlement of Ringgit assets by non-resident investors. All limits on Ringgit overdraft facilities to non-resident stock broking companies or custodian banks to facilitate the settlement of Ringgit assets to avoid settlement failure due to inadvertent delays on the receipt of funds were abolished.

In 2008, to reduce the cost of doing business in Malaysia, resident companies with export earnings were permitted to pay another resident company in foreign currency for the settlement of domestic trade in goods and services. Residents were also permitted to pay another resident for settlement of foreign currency investment products offered onshore.

The permission of the Controller of Foreign Exchange of Malaysia, Bank Negara Malaysia (the "**Controller**") is required for payments to non-residents in certain specified circumstances.

In respect of offshore borrowings in foreign currencies other than Ringgit, Malaysian residents are required to obtain the permission of the Controller to obtain credit facilities: (i) in excess of RM 100.0 million in the aggregate in the case of resident corporations on a corporate group basis; and (ii) in excess of RM 1.0 million in the aggregate in the case of individuals. Resident companies are, however, permitted to borrow any amount in foreign currency from their non-resident related companies, as long as the non-resident related company is not a financial institution, and has not been set up solely to obtain foreign currency financing from a non-resident financial institution. Resident companies and individuals are also permitted to borrow foreign currency to refinance an existing foreign currency borrowing approved by the Controller, in an amount up to the outstanding sums under such approved foreign currency borrowing.

There are no restrictions on the repayment of such credit facilities provided that the same have been obtained in accordance with the relevant foreign exchange administration rules. Residents may also freely prepay such credit facilities provided that such prepayment is registered with the Controller prior to payment being affected.

Malaysian residents are permitted to provide financial guarantees in foreign currency in favour of non-residents; however financial guarantees above RM50.0 million equivalent in the aggregate must be pre-registered with the Controller. Payments on the guarantees may be freely made upon: (i) acknowledgment of receipt of the information by the Controller; and (ii) the Controller being informed when the guarantees are called upon.

Debt

As at the end of 2010, Government gross borrowing was RM 65.0 billion, comprising mainly Malaysian Government Securities and Government Investment Issues totalling RM 37.1 billion and RM 23.4 billion, respectively. Thus, Government debt as of 31 December 2010, after netting out repayments, stood at RM 407.1 billion or 53.1 per cent. of GDP. Of this, domestic debt amounted to RM 390.4 billion or 95.9 per cent. of total debt.

The nation's external debt declined to RM 226.3 billion or 29.5 per cent. of GDP as of 31 December 2010. This was mainly due to net repayment of short-term debt by the banking sector. The banking sector accounted for RM 68.0 billion or 85.6 per cent. of total short-term debt while the balance was held by the non-bank private sector. Meanwhile, the medium-and long-term debt remained stable at RM 146.9 billion, accounting for 64.9 per cent. of total national debt.

TERMS AND CONDITIONS OF THE NOTES

The following, other than the paragraphs in italics, is the text of the terms and conditions of the Notes (the “**Conditions**”) which (subject to modification) will be endorsed on each individual Certificate:

The issue of:

- (i) Class A U.S.\$302,000,000 6.628 per cent. Guaranteed and Secured Accreting Notes due 2026 (the “**Class A Notes**”);
- (ii) Class B1 U.S.\$348,000,000 6.628 per cent. Guaranteed and Secured Amortising Notes due 2026 (the “**Class B1 Notes**”); and
- (iii) Class B2 U.S.\$150,000,000 6.628 per cent. Guaranteed and Secured Notes due 2026 (the “**Class B2 Notes**”, and together with the Class B1 Notes, the “**Class B Notes**”)

(the Class A Notes and the Class B Notes together, the “**Notes**”, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 15 and consolidated and forming a single series with the Notes), in each case, of Equisar International Incorporated (the “**Issuer**”), a special purpose company incorporated in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act, 1990 of Malaysia, was authorised by a resolution of the Board of the Directors of the Issuer passed on 20 May 2011 and 20 June 2011. As more particularly described herein, the Notes have (i) the benefit of a guarantee (the “**HoldCo Guarantee**”) from Equisar Sdn. Bhd. (“**HoldCo Guarantor**”), a company incorporated under the laws of Malaysia; (ii) the benefit of a guarantee (the “**SGOS Guarantee**”) from SGOS Capital Holdings Sdn. Bhd. (“**SGOS Guarantor**”, together with HoldCo Guarantor and subject to Condition 2.2, each a “**Guarantor**”), a company incorporated under the laws of Malaysia; and (iii) upon the Deed of Accession and Release (as defined in Condition 2.2) being entered into and becoming effective, the benefit of the SII Guarantee (as defined in Condition 2.2) (together with the HoldCo Guarantee and the SGOS Guarantee, the “**Guarantees**”) from Sarawak International Incorporated (“**2015 Notes Issuer**”), a company incorporated in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act, 1990 of Malaysia. The granting of the HoldCo Guarantee was authorised by a resolution of the Board of Directors of HoldCo Guarantor passed on 20 May 2011 and 20 June 2011. The granting of the SGOS Guarantee was authorised by a resolution of the Board of Directors of SGOS Guarantor passed on 20 May 2011 and 20 June 2011.

The Notes are constituted by, are subject to, and have the benefit of a note trust deed (as modified from time to time in accordance with its terms, the “**Note Trust Deed**”) dated on or about 27 June 2011 (the “**Closing Date**”) and made between the Issuer, HoldCo Guarantor, SGOS Guarantor and BNY Mellon Corporate Trustee Services Limited (the “**Note Trustee**”, which term shall, where the context so permits, include all other persons or companies substituting the Note Trustee for the purposes of the Note Trust Deed) as trustee for the holders of the Notes.

The Security (as defined in Condition 19) for the Notes is constituted by (i) a security deed (the “**Issuer Security Deed**”) dated the Closing Date and made between the Issuer and the Note Trustee in respect of the security interest granted by the Issuer as further described in Conditions 2.3 and 2.4 and (ii) a deed (the “**SIL Deed**”) dated the Closing Date and made between SIL and the Note Trustee in respect of the Security granted by SIL as further described in Condition 2.3.

The Issuer, HoldCo Guarantor and SGOS Guarantor have entered into an agency agreement (as amended or supplemented from time to time, the “**Agency Agreement**”) dated the Closing Date with, *inter alios*, the Note Trustee, The Bank of New York Mellon acting through its London Branch as principal agent (the “**Principal Agent**”) and transfer agent (the “**Principal Transfer Agent**”), The Bank of New York Mellon (Luxembourg) S.A. as registrar (the “**Registrar**”), Goldman Sachs International as calculation agent (the “**Calculation Agent**”) and the other paying and transfer agents appointed under it (each, a “**Paying Agent**” (references to which shall include the Principal Agent), “**Transfer Agent**” (references to which shall include the Principal Transfer Agent and the Registrar) and together with the Calculation Agent, the “**Agents**”) relating to the Notes.

The Issuer and HoldCo Guarantor have entered into a trust fund reserve account agreement (as amended or supplemented from time to time, the “**Trust Fund Reserve Account Agreement**”) dated the Closing Date with, *inter alios*, the Note Trustee, the Principal Agent and the Account Bank (as defined in Condition 19) in respect of the opening and maintenance of the Trust Fund Reserve Account (as defined in Condition 19). Payments into the Trust Fund Reserve Account shall only be made by the Issuer or HoldCo Guarantor. No payments into the Trust Fund Reserve Account shall be made by SGOS Guarantor.

References to the “**Principal Agent**”, “**Registrar**” and “**Agents**” below are references to the principal agent, registrar and agents for the time being for the Notes. References to “**Class**” or “**Class of Notes**” are to the Class A Notes, the Class B1 Notes or the Class B2 Notes.

SGOS Investment Ltd. (“**SIL**”) has entered into an account agreement (as amended or supplemented from time to time, the “**SIL Account Agreement**”) dated the Closing Date with the Note Trustee and the Account Bank in respect of the opening and maintenance of the SIL Swap Account (as defined in Condition 19).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Transaction Documents (as defined in Condition 4.2). Copies of the Transaction Documents are available for inspection by Noteholders at the registered office of the Note Trustee being at the date hereof at One Canada Square, London E14 5AL, United Kingdom during normal business hours and at the specified office of each of the Agents. The Noteholders (as defined in Condition 1.2) are entitled to the benefit, and are deemed to have notice, of the Transaction Documents and are bound by all the provisions of the Transaction Documents.

1. FORM, DENOMINATION AND TITLE

1.1. Form and denomination

The Class A Notes and Class B1 Notes are issued in registered form in denominations of U.S.\$1,000,000 each. The Class B2 Notes are issued in registered form in denominations of U.S.\$1,000,000 with integral multiples of U.S.\$100,000 thereafter. A certificate (each, a “**Certificate**”) will be issued to each Noteholder in respect of its registered holding of Notes. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the relevant Register (as defined in Condition 3.1).

Upon issue, the Class A Notes, the Class B1 Notes and the Class B2 Notes will each be represented by a Global Certificate deposited with a common depository for, and representing Notes registered in the name of a common nominee of, Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme. The Conditions are modified by certain provisions contained in the Global Certificates.

1.2 Title

Title to the Notes passes only by transfer and registration in the relevant Register. The holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, (i) “**Class A Noteholder**” and (in relation to a Class A Note) “**holder of Class A Notes**” means a person in whose name a Class A Note is registered on the Register for Class A Notes (or in the case of a joint holding, the first named thereof); (ii) “**Class B1 Noteholder**” and (in relation to a Class B1 Note) “**holder of Class B1 Notes**” means a person in whose name a Class B1 Note is registered on the Register for Class B1 Notes (or in the case of a joint holding, the first named thereof); (iii) “**Class B2 Noteholder**” and (in relation to a Class B2 Note) “**holder of Class B2 Notes**” means a person in whose name a Class B2 Note is registered on the Register for Class B2 Notes (or in the case of a joint holding, the first named thereof); (iv) “**Class B Noteholder**” means a person in whose name a Class B Note is registered on the relevant Register (or in the case of a joint holding, the first named thereof) and (v) “**Noteholder**” and (in relation to a Note) “**holder**” means a holder of Class A Notes, Class B1 Notes or Class B2 Notes, in each case, then outstanding.

2. GUARANTEES, SECURITY AND STATUS

2.1 HoldCo Guarantee and SGOS Guarantee

HoldCo Guarantor and SGOS Guarantor have unconditionally and irrevocably guaranteed, on a joint and several basis, the due payment of all principal, premium and interest and all other amounts expressed to be payable by the Issuer under the Issuer Security Deed, the Note Trust Deed and the Notes and the due performance of all the Issuer's obligations under the Issuer Security Deed, the Note Trust Deed and the Notes. The obligations of HoldCo Guarantor and SGOS Guarantor under the HoldCo Guarantee and the SGOS Guarantee are contained in the Note Trust Deed.

2.2 SII Guarantee

2.2.1 2015 Notes Issuer shall put in place all arrangements (including any relevant board approvals, government approvals or registrations) such that (i) to the extent permitted by law and the relevant terms and conditions of the 2015 Notes (as defined in Condition 19) and the transaction documents in respect thereof, prior to the redemption, repayment or cancellation of the 2015 Notes; or (ii) immediately upon redemption, repayment or cancellation of the 2015 Notes, the Deed of Accession and Release (as defined below) shall have been effectively executed by it or on its behalf.

2.2.2 "**Deed of Accession and Release**" means a deed to be entered into between, *inter alios*, the Issuer, SGOS Guarantor, 2015 Notes Issuer and the Note Trustee, substantially in the form set out in Schedule 5 to the Note Trust Deed, which provides that, upon it being entered into and becoming effective:

- (a) 2015 Notes Issuer shall accede to each Transaction Document (where applicable) as a guarantor (and, for the avoidance of doubt, 2015 Notes Issuer shall thereupon unconditionally and irrevocably guarantee (the "**SII Guarantee**"), on a joint and several basis with HoldCo Guarantor, (i) the due payment of all principal, premium and interest and all other amounts expressed to be payable by the Issuer under the Issuer Security Deed, the Note Trust Deed and the Notes and (ii) the due performance of all the Issuer's obligations under the Issuer Security Deed, the Note Trust Deed and the Notes); and
- (b) SGOS Guarantor shall cease to be a Guarantor and all obligations of SGOS Guarantor as a guarantor accrued following the date on which the Deed of Accession and Release becomes effective shall be released and discharged in full.

2.2.3 SGOS Guarantor undertakes that it will procure 2015 Notes Issuer to execute the Deed of Accession and Release in the manner and on the terms referred to in Condition 2.2.1.

2.2.4 Upon the Deed of Accession and Release being entered into and becoming effective, (i) 2015 Notes Issuer shall be a Guarantor ("**SII Guarantor**") and the SII Guarantee shall be a Guarantee (with no contingency) for the purposes of these Conditions and the Transaction Documents; and (ii) SGOS Guarantor shall cease to be a Guarantor and the SGOS Guarantee shall cease to be a Guarantee for the purposes of these Conditions and the Transaction Documents. All references herein to "SGOS Guarantor" and "SGOS Guarantee" will thereafter be deemed to be references to "SII Guarantor" and "SII Guarantee".

2.3 Fixed Mortgaged Property

As Security for the payment of all amounts payable by the Issuer in respect of the Notes, the Note Trust Deed and the Issuer Security Deed or the SIL Deed, as the case may be:

2.3.1 the Issuer has granted to the Note Trustee under the Issuer Security Deed, for the benefit of itself and the other Secured Creditors (as defined in Condition 19), an assignment by way of first fixed security (or, to the extent not assignable, a charge by way of a first fixed charge) of all of its rights, title, interests and benefits (present and future), if any, in the Trust Fund Reserve Account Agreement and to all sums of money to which it is or may be entitled and are from time to time and at any time standing to the credit of the Trust Fund Reserve Account together with all interest accruing from time to time thereon and the debt represented by such account; and

2.3.2 SIL has granted to the Note Trustee under the SIL Deed, for the benefit of itself and the other Secured Creditors, an assignment by way of first fixed security (or, to the extent not assignable, a charge by way of a first fixed charge) of all of its rights, title, interests and benefits (present and future), if any, in the SIL Account Agreement and to all sums of money to which it is or may be entitled and are from time to time and at any time standing to the credit of the SIL Swap Account together with all interest accruing from time to time thereon and the debt represented by such account.

All of the assets and property which are expressed to be subject to the Security described in this Condition 2.3 are referred to as the “**Fixed Mortgaged Property**”.

The Class A Noteholders and Class B Noteholders as Secured Creditors will be subject to the Post-Enforcement Priority of Payments (as defined in Condition 19) in respect of the Fixed Mortgaged Property.

2.4 Floating Security

2.4.1 As Security for the payment of all amounts payable by the Issuer in respect of the Notes, the Note Trust Deed and the Issuer Security Deed, the Issuer has granted to the Note Trustee under the Issuer Security Deed, for the benefit of itself and the other Secured Creditors, a first floating charge over all assets of the Issuer other than the Fixed Mortgaged Property (the “**Floating Charge**”). All of the assets and property which are expressed to be subject to the Security described in this Condition 2.4.1 are referred to as the “**Floating Mortgaged Property**” (and, together with the Fixed Mortgaged Property, the “**Mortgaged Property**”).

2.4.2 Pursuant to the Issuer Security Deed, the Floating Charge over the Floating Mortgaged Property will automatically and without notice be converted into a fixed charge as regards the Floating Mortgaged Property if, *inter alia*, an Event of Default has occurred.

2.4.3 The Class A Noteholders and Class B Noteholders as Secured Creditors will be subject to the Post-Enforcement Priority of Payments in respect of the Floating Mortgaged Property.

2.5 Partial release of Security on Payment

Prior to any enforcement of the Security over the Mortgaged Property, the Note Trustee shall be deemed to release from such Security any part of the Mortgaged Property when such part of the Mortgaged Property becomes payable to the extent that payment of such part of the Mortgaged Property may be obtained and duly paid to other parties under the terms of the Transaction Documents and/or to holders of the Notes under these Conditions, provided that, notwithstanding the foregoing, withdrawals from the Trust Fund Reserve Account and the SIL Swap Account may only be made by the Issuer or SIL, as the case may be, in accordance with the terms of the Transaction Documents (including, without limitation, certain certifications and determinations).

2.6 Status of the Notes and the Guarantees

The Notes constitute direct, unconditional, secured and unsubordinated obligations of the Issuer and will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsubordinated obligations of the Issuer, without any preference among themselves, save that the Class A Notes shall have priority over the Class B Notes in the Post-Enforcement Priority of Payments in respect of the Security over the Fixed Mortgaged Property and save for such exceptions as may be provided by applicable laws relating to creditors' rights. The payment obligations of the Guarantors under the Guarantees (or, in the case of SII Guarantor, will upon the Deed of Accession and Release being entered into and becoming effective) constitute direct, unsecured (subject in the case of HoldCo Guarantor to Condition 4) and unsubordinated obligations of the Guarantors on a joint and several basis which will at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantors, save for such exceptions as may be provided by applicable laws relating to creditors' rights.

3. TRANSFERS OF NOTES AND ISSUE OF CERTIFICATES

3.1 Register

The Issuer will cause to be kept at the specified office of the Registrar and in accordance with the terms of the Agency Agreement, a register in respect of (i) the Class A Notes; (ii) the Class B1 Notes and (ii) the Class B2 Notes, in each case, on which shall be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and of all transfers of the Notes (each, a “**Register**”). Each Noteholder shall be entitled to receive only one Certificate in respect of its entire holding.

3.2 Transfers

Subject to the Agency Agreement and Conditions 3.5 and 3.6, a Note may be transferred by depositing the Certificate issued in respect of that Note, with the form of transfer endorsed on such Certificate duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of the Registrar or any of the Transfer Agents. No transfer of title to a Note will be valid unless and until it is entered on the relevant Register.

Transfers of interests in the Notes evidenced by the Global Certificates will be effected in accordance with the rules of the relevant clearing systems.

3.3 Delivery of new Certificates

3.3.1 Each new Certificate to be issued upon a transfer of Notes will, within seven Transfer Business Days of receipt by the Registrar or, as the case may be, any other relevant Transfer Agent, of the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such other relevant Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Notes (but free of charge to the holder but at the expense of the Issuer) to the address specified in the form of transfer. The form of transfer is available at the specified office of the Registrar and the Transfer Agent.

Except in the limited circumstances described herein (see “Summary of Provisions Relating to the Notes While in Global Form”) owners of interests in the Notes will not be entitled to receive physical delivery of Certificates.

3.3.2 Where only part of a principal amount of the Notes (being that of one or more Notes) in respect of which a Certificate is issued is to be transferred, a new Certificate in respect of the Notes not so transferred will, within seven Transfer Business Days of delivery of the original Certificate to the Registrar or other relevant Agent, be made available for collection at the specified office of the Registrar or such other relevant Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Notes not so transferred (but free of charge to the holder but at the expense of the Issuer) to the address of such holder appearing on the relevant Register.

3.3.3 For the purposes of these Conditions, “**Transfer Business Day**” shall mean a day other than a Saturday or Sunday on which commercial banks are open for business in the city in which the specified office of the Registrar (if a Certificate is deposited with it in connection with a transfer) or the Agent with whom a Certificate is deposited in connection with a transfer, is located.

3.4 Formalities free of charge

Registration of a transfer of Notes will be effected without charge by or on behalf of the Issuer or any of the Agents, but upon (i) payment (or the giving of such indemnity as the Issuer or any of the Agents may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer; and (ii) the Issuer being satisfied that the regulations concerning transfer of Notes have been complied with.

3.5 Closed Period

No Noteholder may require the transfer of a Note to be registered during the period (the “**Closed Period**”) of 15 days ending on the due date for payment of principal, premium or interest on that Note.

3.6 Regulations

All transfers of Notes and entries on the relevant Register will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Note Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge but at the expense of the Issuer) by the Registrar to any Noteholder upon written request and is available at the specified office of the Transfer Agent.

4. COVENANTS

4.1 Negative Pledge

So long as any Note remains outstanding (as defined in the Note Trust Deed), HoldCo Guarantor shall not create or permit to subsist any Security upon the whole or any part of its property, assets or revenues, present or future, to secure any International Investment Securities or to secure any guarantee of or indemnity in respect of, any International Investment Securities unless, at the same time or prior thereto, its obligations under the HoldCo Guarantee (a) are secured equally and rateably therewith, to the satisfaction of the Note Trustee, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the Note Trustee in its absolute discretion shall deem to be not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in Condition 13) of each Class of the Noteholders.

For the purposes of these Conditions, “**International Investment Securities**” means any present or future indebtedness in the form of, or represented or evidenced by, bonds, debentures, notes or other investment securities, which (i) are denominated in a currency other than Malaysian Ringgit or are by their terms payable, or confer a right to receive payment, in any currency other than Malaysian Ringgit, and (ii) are for the time being, or are intended to be or are capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or other similar securities market.

4.2 Undertaking by the Issuer

The Issuer covenants that, save with the prior written consent of the Note Trustee, so long as any Note remains outstanding, it shall not enter into any contract, transaction, amendment, obligation or liability (including granting any Security) other than the Transaction Documents to which it is a party or as contemplated by, provided for or expressly permitted thereunder or engage in any business or activity other than:

- 4.2.1 as contemplated by, provided for or permitted in the Transaction Documents;
- 4.2.2 such other matters which are incidental thereto; and
- 4.2.3 such other matters as required by applicable laws or regulations.

The Note Trustee may provide such consent, without the consent of the Noteholders, if in the opinion of the Note Trustee such consent would not be materially prejudicial to the interests of the Noteholders or in the case of an amendment, in accordance with Condition 13. Any such consent shall be binding on the Noteholders and, if the Note Trustee so requires, such consent shall be notified to the Noteholders as soon as practicable in accordance with Condition 12.

For the purposes of these Conditions, “**Transaction Documents**” means the executed versions of all the documents relating to the issue of the Notes, comprising the Note Trust Deed (including these Conditions and the Guarantees), the Issuer Security Deed, the Agency Agreement, the Annex Letter (as defined in Condition 19), the On-Loan Agreement (as defined in Condition 19), the Trust Fund Reserve Account Agreement, the SIL Deed, the SIL Account Agreement, the Arranger Agreement, the Deed of Accession and Release, the Certificates and such other agreements as may be set out in the Note Trust Deed as each may be amended and/or supplemented from time to time.

4.3 Trust Fund Reserve Account

- 4.3.1 The Issuer shall, so long as any Note is outstanding, at all times maintain the Trust Fund Reserve Account. All amounts from time to time held in or accruing to the Trust Fund Reserve Account will be held in the name of, and any interest earned from the Trust Fund Reserve Account shall be for the account of, the Issuer, subject to the Security granted by the Issuer under the Issuer Security Deed.
- 4.3.2 Prior to the enforcement or release of Security over the Trust Fund Reserve Account, the funds in the Trust Fund Reserve Account may only be withdrawn in accordance with the Transaction Documents. Subject to the provisions set out in the Transaction Documents, such funds may be used to invest in Eligible Investments (as defined in Condition 19) if so approved in writing by the holders of 100 per cent. of the then outstanding principal amount of the Class A Notes for so long as the Class A Notes remain outstanding (and by the holders of 100 per cent. of the then outstanding principal amount of each Class of the Class B Notes, if the Class A Notes are no longer outstanding). The Issuer will be required to enter into such custody and security arrangements and additional agreements or deeds (including, without limitation, amendments to the existing Transaction Documents and/or new transaction or security documents) as the Calculation Agent determines, in its sole discretion, to be required in respect of the Eligible Investments if so approved in writing by the holders of 100 per cent. of the then outstanding principal amount of the Class A Notes for so long as the Class A Notes remain outstanding (and by the holders of 100 per cent. of the then outstanding principal amount of each Class of the Class B Notes, if the Class A Notes are no longer outstanding). In addition, if the Calculation Agent or the Note Trustee so requires, the Issuer shall deliver an opinion of independent legal, tax or such other advisors of recognised standing to the effect that such arrangement or amendment is effective in form and substance satisfactory to the Calculation Agent or the Note Trustee, as the case may be. Any such determinations shall be conclusive and binding on the Issuer, the Guarantors and the Noteholders.
- 4.3.3 Following the enforcement of Security over the Trust Fund Reserve Account, amounts standing to the credit of such account shall be applied in accordance with the Post-Enforcement Priority of Payments.

5. INTEREST

5.1 Interest Rate and Interest Payment Dates

The Notes bear interest from and including the Closing Date at the following rates of interest (the relevant “**Rate of Interest**”):

- Class A Notes: 6.628 per cent. per annum;
- Class B1 Notes: 6.628 per cent. per annum; and
- Class B2 Notes: 6.628 per cent. per annum.

in each case, on the then outstanding principal amount (for the avoidance of doubt, subject to adjustments made in accordance with Condition 7.1) of the Notes as at the end of the applicable Interest Period payable semi-annually in arrear on 15 June and 15 December in each year (each, an “**Interest Payment Date**”). The first payment shall be made on 15 December 2011. Each period beginning on (and including) the Closing Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date is called an “**Interest Period**”.

5.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal or premium in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue until whichever is the earlier of:

- 5.2.1 the date on which all amounts due in respect of such Note have been paid; and
- 5.2.2 five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12.

5.3 Calculation of broken interest

The amount of interest payable in respect of each Note for any Interest Period shall be calculated by applying the relevant Rate of Interest to the then outstanding principal amount of such Note as at the end of the applicable Interest Period, dividing the product by two and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). If interest is required to be calculated for any period of less than a full year, it will be calculated on the basis of a year of 360 days consisting of 12 months of 30 days each.

6. PAYMENTS

6.1 Payments in respect of Notes

Payments of principal, premium and interest due on a Note will be made by transfer to the registered account of the Noteholder or by U.S. dollar cheque drawn on a bank in New York, and mailed to the registered address of the Noteholder if it does not have a registered account. Payment of principal, premium and interest on redemption of the Notes (if any) will only be made after surrender (or, in the case of part payment only, endorsement) of the relevant Certificate at the specified office of any Agent. Payment of all other amounts will be made as provided in these Conditions.

6.2 Registered accounts

For the purposes of this Condition, a Noteholder's "**registered account**" means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the relevant Register at the close of business on the fifth Payment Business Day (as defined below) before the due date for payment, and a Noteholder's registered address means its address appearing on the relevant Register at that time.

6.3 Payment initiation

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a Payment Business Day, for value on the first following day which is a Payment Business Day) will be initiated and, where payment is to be made by U.S. dollar cheque, the cheque will be mailed (at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, expense of the holder) on the due date for payment (or, if it is not a Payment Business Day, the immediately following Payment Business Day) or, in the case of a payment of principal or premium, if later, on the Payment Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

6.4 Initial Agents

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. Subject always to the provisions of the Agency Agreement, the Issuer and the Guarantors reserve the right under the Agency Agreement at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents, provided that:

6.4.1 there will at all times be a Principal Agent, a Registrar and a Calculation Agent; and

6.4.2 the Issuer undertakes that it will, if it maintains any Agent in the European Union, at all times maintain such Agent in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any such removal or appointment and of any change in the specified office of any Agent will be given to the Noteholders as soon as practicable in accordance with Condition 12.

6.5 Payments subject to applicable laws

Payments in respect of principal, premium or interest on Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8. No commissions or expenses shall be charged by any Agent to the Noteholders in respect of such payments.

6.6 Delay in payment

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day or, if the Noteholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

6.7 Payment Business Day

In these Conditions, “**Payment Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks are generally open for business in Labuan, New York City and London and, if different, the city in which the specified office of the Principal Agent is located and, in the case of the surrender (or, in the case of part payment only, endorsement) of a Certificate, in the place where the Certificate is surrendered (or, as the case may be, endorsed).

6.8 Partial Payments

If the amount of principal, premium or interest which is due on the Notes is not paid in full, the Registrar will annotate the relevant Register with a record of the amount of principal, premium or interest in fact paid and, in the case of partial payment upon presentation of a Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant individual Certificate.

6.9 Record Date

Each payment in respect of a Note will be made to the person shown as the holder of the Note in the relevant Register at the opening of business in the place of the Registrar’s specified office on the fourteenth day before the due date for such payment (the “**Record Date**”). Where payment in respect of a Note is to be made by cheque, the cheque will be mailed in accordance with Condition 6.3 to the address shown as the address of the holder of the Note in the relevant Register at the opening of business on the relevant Record Date.

7. ADJUSTMENT OF PRINCIPAL AND REDEMPTION

7.1 Adjustment of outstanding principal amounts of the Notes

Unless previously redeemed as provided in this Condition 7, the original aggregate principal amount of the Class A Notes and Class B1 Notes shall be adjusted on the dates set forth below (each, an “**Adjustment Date**”) to the relevant adjusted aggregate principal amount specified below, provided that (i) if the Calculation Agent determines that a Possible Potential Event of Default or a Potential Event of Default has occurred on or prior to the relevant Adjustment Date and (ii) notice of such determination has been given to the Issuer and the Principal Agent by 5:00 p.m. (London time) on such Adjustment Date, no adjustment shall be made on such Adjustment Date (or if an adjustment has been made on such Adjustment Date, such adjustment shall be reversed forthwith); and provided further that if the Calculation Agent determines that such Possible Potential Event of Default or Potential Event of Default has subsequently ceased to be continuing and no Event of Default has occurred, it shall give notice of such determination to the Issuer and the Principal Agent and the aggregate outstanding principal amount of the Class A Notes and Class B1 Notes shall then be adjusted retrospectively as of the relevant Adjustment Date, without adjustment to any interest which may have been paid based on the unadjusted outstanding principal amount of the Class A Notes and Class B1 Notes that would have been adjusted if the relevant Possible Potential Event of Default or Potential Event of Default had not occurred and been continuing.

The adjusted outstanding principal amount of each Class A Note shall be the adjusted aggregate outstanding principal amount of the Class A Notes divided by the number of Class A Notes then outstanding, rounded up to the nearest dollar. The adjusted outstanding principal amount of each Class B1 Note shall be the adjusted aggregate outstanding principal amount of the Class B1 Notes divided by the number of Class B1 Notes then outstanding, rounded up to the nearest dollar. The adjustment of the outstanding principal amount of each such Note shall, for all purposes, take effect from the related Adjustment Date, without any payment to the Issuer by the Class A

Noteholders (in the case of the Class A Notes) or by the Issuer to the Class B1 Noteholders (in the case of the Class B1 Notes) and without notice to the Note Trustee or the Noteholders.

Adjustment Date	Principal amount outstanding after adjustment on such Adjustment Date in respect of Class A Notes	Principal amount outstanding after adjustment on such Adjustment Date in respect of Class B1 Notes
15 June 2016	U.S.\$397,000,000	U.S.\$253,000,000
15 June 2017	U.S.\$463,000,000	U.S.\$187,000,000
15 June 2018	U.S.\$530,000,000	U.S.\$120,000,000
15 June 2019	U.S.\$597,000,000	U.S.\$ 53,000,000
15 June 2020	U.S.\$640,000,000	U.S.\$ 10,000,000

Any reference to the outstanding principal amount of Notes on any day shall refer to the outstanding principal amount on such day, having taken into account any adjustment as provided in this Condition 7.1.

For the avoidance of doubt, the Class B2 Notes shall not be subject to any adjustment pursuant to this Condition 7.1.

So long as the Class A Notes or the Class B1 Notes, as the case may be, are represented by a Global Certificate and the relevant Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System (as defined in the form of the Global Certificate), the adjustments to the outstanding principal amount of the Class A Notes and Class B1 Notes will be made by application of a pool factor, at the discretion of, and in accordance with the rules and procedures of, Euroclear or Clearstream Luxembourg or the relevant Alternative Clearing System (in each case, as appropriate).

7.2 Redemption at maturity

Unless previously redeemed, the Notes will be redeemed on the Maturity Date (as defined in Condition 19) at their then outstanding principal amount as at the Maturity Date.

7.3 Redemption for taxation reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their then outstanding principal amount, (together with interest accrued to the date fixed for redemption), if the Issuer satisfies the Note Trustee immediately prior to the giving of such notice that (i) it (or, if any Guarantee was called, the relevant Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of Malaysia (including for the avoidance of doubt, Sarawak and Labuan) or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Closing Date, and (ii) such obligation cannot be avoided by the Issuer (or the relevant Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the relevant Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or such Guarantee, as the case may be) then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer (or the relevant Guarantor, as the case may be) shall deliver to the Note Trustee (a) a certificate signed by two directors of the Issuer (or the relevant Guarantor, as the case may be) stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and (b) if required by the Note Trustee, an opinion of independent legal, tax or such other advisors of recognised standing to the effect that such change or amendment has occurred (irrespective of whether such change or amendment is then effective) and the Note Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above in which event it shall be conclusive and binding on the Noteholders.

7.4 Redemption notices

Any redemption notice shall be irrevocable. Each such notice shall specify, *inter alia*, the date when the relevant redemption will take place. All Notes in respect of which a redemption notice is given shall be redeemed as provided in this Condition 7 on the relevant redemption date.

7.5 No repurchases

None of the Issuer, the Guarantors or any of their respective Subsidiaries may at any time purchase the Notes in the open market or otherwise at any price.

8. TAXATION

8.1 Payment without withholding

All payments in respect of the Notes by or on behalf of the Issuer or any Guarantor shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed or levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer or such Guarantor, as the case may be, will pay such amounts (“**Additional Amounts**”) as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required; except that no such Additional Amounts shall be payable with respect to any Note:

- 8.1.1 to, or to a third party on behalf of, a holder who is liable to the Taxes in respect of such Note by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note or the receipt of any sums due in respect of such Note (including, without limitation, the holder being a resident or a permanent establishment in Malaysia);
- 8.1.2 if the Certificate in respect of such Note is presented for payment more than 30 days after the Relevant Date for payment in respect thereof except to the extent that a holder of it would have been entitled to such Additional Amounts on presenting it for payment on the thirtieth day assuming that day to have been a Payment Business Day;
- 8.1.3 where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- 8.1.4 presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Agent in a Member State of the European Union.

8.2 Interpretation

In these Conditions:

- 8.2.1 “**Relevant Date**” means the date on which payment of the relevant amount in respect of the Notes first becomes due but, if the full amount of such payment has not been received by the Principal Agent, the Paying Agent or the Note Trustee on or before such date, it means the date on which the full amount of the money shall have been so received and notice to that effect shall have been duly given to the Noteholders by the Issuer in accordance with Condition 12; and
- 8.2.2 “**Relevant Jurisdiction**” means Malaysia (for the avoidance of doubt, including Sarawak and Labuan) or any political subdivision or any authority thereof or therein having power to tax.

8.3 Additional Amounts

Any reference in these Conditions to any amounts (including principal, premium and interest) in respect of the Notes shall be deemed also to refer to any Additional Amounts which may be payable under this Condition.

9. PRESCRIPTION

Notes will become void unless presented for payment within periods of ten years (in the case of principal or premium) and five years (in the case of interest) from the Relevant Date in respect of the Notes.

10. POTENTIAL EVENTS OF DEFAULT AND EVENTS OF DEFAULT

10.1 Potential Events of Default

Each of the following events is a potential event of default (each, a “**Potential Event of Default**”):

- 10.1.1 the Issuer or any Guarantor fails to pay for more than 10 days the principal, premium or interest of, or any premium on, or any Additional Amount on or any other amount in respect of, any of the Notes after the same shall become due and payable on its due date in accordance with these Conditions;
- 10.1.2 the Issuer, SIL or any Guarantor defaults in performance or observance of or compliance with any one or more of its other obligations set out in the Notes, the Note Trust Deed, the Issuer Security Deed or the SIL Deed which default is, in the opinion of the Note Trustee, incapable of remedy or, if such default is, in the opinion of the Note Trustee, capable of remedy, such default is not remedied within 45 days after written notice of such default shall have been given to the Issuer, SIL or the Guarantor as the case may be;
- 10.1.3 (a) any other present or future indebtedness for borrowed money of the Issuer, any Guarantor or any of the Material Subsidiaries becomes due and payable prior to its stated maturity by reason of an event of default (however called), excluding any indebtedness for borrowed money guaranteed by the Federal Government of Malaysia; or
(b) any such indebtedness for borrowed money of the Issuer, any Guarantor or any of the Material Subsidiaries is not paid when due, as the case may be, within any applicable grace period originally provided for, excluding any indebtedness for borrowed money guaranteed by the Federal Government of Malaysia; or
(c) the Issuer, any Guarantor or any of the Material Subsidiaries fails to pay when due (or within any applicable grace period originally provided for) any amount payable by it under any present or future guarantee or indemnity in respect of indebtedness for borrowed money, excluding any guarantees or indemnities in respect of indebtedness for borrowed money guaranteed by the Federal Government of Malaysia,
provided however, that no Potential Event of Default will occur under paragraph 10.1.3(a), 10.1.3(b) or 10.1.3(c) above unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned in this paragraph 10.1.3 has/have occurred equals or exceeds U.S.\$20,000,000 or its equivalent in another currency (as determined by the Note Trustee);
- 10.1.4 the Issuer, any Guarantor or any of the Material Subsidiaries is, or will be, subject to Insolvency Proceedings, or is or is presumed or deemed (by law or a court) or unable or admits inability to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer, any Guarantor or any of the Material Subsidiaries;
- 10.1.5 an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer, any Guarantor or any of the Material Subsidiaries, or the Issuer or any Guarantor ceases or threatens to cease to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Note Trustee or by an Extraordinary Resolution of each Class of Noteholders, or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in any Guarantor or another of the Material Subsidiaries;

- 10.1.6 the State of Sarawak ceases for whatever reason to own, directly or indirectly, the entire issued share capital of each Guarantor;
- 10.1.7 for any reason the Issuer ceases to be a wholly owned Subsidiary of HoldCo Guarantor or indirectly wholly owned by the State of Sarawak;
- 10.1.8 the State of Sarawak declares a general moratorium with respect to the payment of principal, premium or interest on any External Public Indebtedness;
- 10.1.9 any event or condition results in the acceleration of the maturity (other than by optional or mandatory prepayment or redemption) of any Indebtedness of the State of Sarawak (other than that represented by the Notes) having an aggregate principal amount equal to or in excess of U.S.\$20,000,000 or its equivalent in another currency (as determined by the Note Trustee);
- 10.1.10 any Guarantee is not (or is claimed by the applicable Guarantor not to be) in full force and effect;
- 10.1.11 the Annex Letter is not (or is claimed by the State of Sarawak not to be) in full force and effect or the "Government Contributions Towards Approved Agencies Trust Fund" or any successor or replacement fund is dissolved, wound up or otherwise ceases to be in existence (and no successor or replacement fund is established in its place);
- 10.1.12 the Deed of Accession and Release has not become effective on or before the date of redemption, cancellation or repayment of the 2015 Notes in full;
- 10.1.13 the occurrence of an "Early Termination Date" under the SIL Swap Agreement (as defined in Condition 19) or the SIL Swap Agreement is terminated or otherwise unwound, in each case, other than (i) where J. Aron is the "Defaulting Party" (as defined in the SIL Swap Agreement) or (ii) where the SIL Swap Agreement is terminated or otherwise unwound by mutual agreement between the parties to the SIL Swap Agreement (for the avoidance of doubt, a termination or unwinding of the SIL Swap Agreement by mutual agreement does not include any termination or unwinding caused by the default of SIL);
- 10.1.14 any amount (other than a Balancing Payment (as defined in Condition 19)) due under the Annex Letter to be paid into the Trust Fund Reserve Account is not paid for more than 5 Payment Business Days after the same shall become due and payable;
- 10.1.15 2015 Notes Issuer enters into any contract, transaction, amendment, obligation or liability other than (a) as contemplated by, provided for or permitted in the "Transaction Documents" (as defined in the terms and conditions of the 2015 Notes) or the Transaction Documents (as defined in Condition 4.2); (b) such other matters which are incidental thereto; and (c) such other matters as required by applicable laws or regulations, as at the Closing Date; or
- 10.1.16 any extension of the "Maturity Date" (as defined in the terms and conditions of the 2015 Notes) of the 2015 Notes following the Closing Date,

provided that in the cases of Condition 10.1.2 in relation to the Issuer and the Guarantors and Condition 10.1.4 in relation to the Material Subsidiaries, the Note Trustee has certified in writing to the Issuer that such event is in its sole opinion materially prejudicial to the interests of the Noteholders.

For the purposes of this Condition 10, any indebtedness (including any Indebtedness) which is in a currency other than United States dollars shall be translated into United States dollars at the middle spot rate for the sale of United States dollars against the purchase of the relevant currency quoted by any leading bank in the relevant market selected by the Note Trustee on any day when such a quotation is requested for the purposes aforesaid.

As set out in the Note Trust Deed, each Guarantor shall deliver to the Note Trustee:

- (a) on 30 September of every year; and
- (b) within 14 days after any request by the Note Trustee,

a certificate signed by two directors of the Issuer or such Guarantor, as the case may be.

Such certificate shall (i) (in the case of HoldCo Guarantor only) list the Material Subsidiaries and confirm whether any Possible Potential Event of Default (as defined in Condition 19), Potential Event of Default or Event of Default has occurred in respect of the Issuer, such Guarantor or any of the Material Subsidiaries; and (ii) (in the case of the Issuer and any Guarantor, other than HoldCo Guarantor) confirm whether any Possible Potential Event of Default, Potential Event of Default or Event of Default has occurred in respect of itself.

For the avoidance of doubt, this Condition 10.1 shall only apply to SII Guarantor after the Deed of Accession and Release has been entered into and become effective.

10.2 Consequences of a Potential Event of Default

If a Potential Event of Default occurs, the Issuer or the relevant Guarantor must promptly after becoming aware of it notify the Note Trustee, the Depositor (as defined in Condition 19) and the Calculation Agent in writing (specifying details of it) and the Issuer shall promptly notify Noteholders of the occurrence of the Potential Event of Default in accordance with Condition 12. Notwithstanding the foregoing, the Calculation Agent may (but is not obliged to) independently notify the Issuer, the Guarantors, the Note Trustee, the Depositor and the Noteholders of the occurrence of a Potential Event of Default as described in Condition 10.1.13. If a Potential Event of Default occurs, the Calculation Agent shall, if so requested in writing by the holders of not less than 50 per cent. of the then outstanding principal amount of the Class A Notes for so long as the Class A Notes remain outstanding (and by the holders of not less than 50 per cent. of the then outstanding principal amount of each Class of the Class B Notes if the Class A Notes are no longer outstanding) or if so directed by an Extraordinary Resolution of each Class of Noteholders, give a written instruction to the Issuer and HoldCo Guarantor that the Potential Event of Default shall be treated as a Fund Acceleration Event (as defined in Condition 19) and the Issuer and HoldCo Guarantor shall procure that a Balancing Payment be paid in accordance with the terms of the Annex Letter.

For the avoidance of doubt, in the event that a Potential Event of Default occurs and the Balancing Payment due under the Annex Letter is paid into the Trust Fund Reserve Account, the Notes will not become immediately due and payable but instead, the Notes will remain outstanding and amounts standing to the credit of the Trust Fund Reserve Account may be applied in accordance with the terms of the Transaction Documents. In such event, the Potential Event of Default will be deemed not to be continuing.

10.3 Event of Default

If any Event of Default occurs and is continuing, then the Note Trustee at its discretion may, and if so requested in writing by the holders of not less than 50 per cent. of the then outstanding principal amount of the Class A Notes for so long as the Class A Notes remain outstanding (and by the holders of not less than 50 per cent. of the then outstanding principal amount of each Class of the Class B Notes if the Class A Notes are no longer outstanding) or if so directed by an Extraordinary Resolution of each Class of Noteholders shall (subject, in each case, to its being indemnified and/or secured and/or prefunded to its satisfaction) give notice to the Issuer and the Guarantors (with a copy to the Calculation Agent, the Registrar and the Paying Agent) that the Notes are immediately due and payable whereupon they shall become immediately due and payable at their then outstanding principal amount together with interest accrued to the date of repayment. Notwithstanding the foregoing, if any Event of Default occurs and is continuing, the Calculation Agent shall, if so requested in writing by the holders of not less than 50 per cent. of the then outstanding principal amount of the Class A Notes for so long as the Class A Notes remain outstanding (and by the holders of not less than 50 per cent. of the then outstanding principal amount of each Class of the Class B Notes if the Class A Notes are no longer outstanding) or if so directed by an Extraordinary Resolution of each Class of Noteholders, give notice to the Issuer and the Guarantors (with a copy to the Note Trustee, the Registrar and the Paying Agent) that the Notes are immediately due and payable

whereupon they shall become immediately due and payable at their then outstanding principal amount together with interest accrued to the date of repayment. Failure to give or any delay in giving notice to the Registrar or the Paying Agent does not affect the validity of a notice given to the Issuer and each Guarantor.

In these Conditions, an **“Event of Default”** occurs if a Fund Acceleration Event has occurred under the Annex Letter and the Balancing Payment is not paid into the Trust Fund Reserve Account within 10 Payment Business Days after the same shall become due and payable.

For the avoidance of doubt, this Condition 10.3 shall only apply to SII Guarantor after the Deed of Accession and Release has been entered into and become effective.

10.4 Action of the Note Trustee or the Calculation Agent in the Event of Default

Neither the Note Trustee nor the Calculation Agent is under any obligation to monitor or to make enquiries as to whether a Possible Potential Event of Default, Potential Event of Default or Event of Default shall have occurred and until it has actual knowledge or express notice in writing from the Issuer or any Guarantor to the contrary, the Note Trustee and the Calculation Agent may assume that no such event has occurred and that the Issuer and the Guarantors are performing all their respective obligations under the Notes, the Note Trust Deed and the other Transaction Documents.

10.5 Notification of Event of Default

If an Event of Default occurs, the Issuer or the relevant Guarantor must promptly after becoming aware of it notify the Note Trustee, the Calculation Agent and the Registrar in writing (specifying details of it) and the Issuer shall promptly notify the Noteholders of the occurrence of such Event of Default in accordance with Condition 12. Notwithstanding the foregoing, the Calculation Agent may (but is not obliged to) independently notify the Note Trustee, the Registrar and the Noteholders of the occurrence of such Event of Default.

10.6 Definitions

For the purpose of these Conditions:

“External Indebtedness” means any Indebtedness payable by its terms or at the option of its holder in any currency other than the currency of Malaysia;

“External Public Indebtedness” means any External Indebtedness in the form of, or represented, by bonds, notes, debentures or other like instruments or book entries (whether or not initially distributed by means of a private placement, public offering or otherwise) which is, or was intended at the time of issuance to be, or is eligible to be, traded, quoted, listed or ordinarily purchased and sold on any stock exchange, over-the-counter or other established securities market;

“Indebtedness” means all obligations of the State of Sarawak in respect of (but in each case excluding any loans denominated in Malaysian Ringgit provided by the Federal Government of Malaysia): (i) money borrowed; (ii) guarantees or indemnities given by the State of Sarawak arising from money borrowed by others; and (iii) letters of support or undertaking or other documents of similar effect given by the State of Sarawak arising from money borrowed by others which are legally binding on the State of Sarawak;

“Insolvency Proceedings” means any corporate action, legal proceedings or other procedure or step is taken in relation to:

- (a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration, provisional supervision or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer, any Guarantor or any of the Material Subsidiaries;
- (b) a composition or arrangement with any creditor of the Issuer, any Guarantor or any of the Material Subsidiaries, or an assignment for the benefit of creditors generally of the Issuer, any Guarantor or any of the Material Subsidiaries or a class of such creditors;
- (c) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager, provisional supervisor or other similar officer in respect of the Issuer, any Guarantor or any of the Material Subsidiaries or any of their respective assets;
or

- (d) enforcement of any Security over any assets of the Issuer, any Guarantor or any of the Material Subsidiaries,

or any analogous procedure or step is taken in any jurisdiction;

“Material Subsidiary” means, at any time, any corporation or other business entity where 51 per cent. or more of the outstanding voting stock of which is for the time being owned directly or indirectly by HoldCo Guarantor and either:

- (a) the total operating revenues of which, as shown by the accounts (consolidated in the case of an entity which itself has subsidiaries) of such entity upon which the latest audited consolidated accounts of HoldCo Guarantor have been based, are at least 10 per cent. of the gross operating revenues of HoldCo Guarantor and its consolidated subsidiaries, if any, as shown by such audited consolidated accounts; or
- (b) the net income of which, as shown by the accounts (consolidated in the case of an entity which itself has subsidiaries) of such entity upon which the latest audited consolidated accounts of HoldCo Guarantor have been based, are at least 10 per cent. of the net income of HoldCo Guarantor and its consolidated subsidiaries, if any, as shown by such audited consolidated accounts; or
- (c) the total assets of which, as shown by the accounts (consolidated in the case of an entity which itself has subsidiaries) of such entity upon which the latest audited consolidated accounts of HoldCo Guarantor have been based, are at least 10 per cent. of the gross assets of HoldCo Guarantor and its consolidated subsidiaries, if any, as shown by such audited consolidated accounts; or
- (d) the total liabilities of which, as shown by the accounts (consolidated in the case of an entity which itself has subsidiaries) of such entity upon which the latest audited consolidated accounts of HoldCo Guarantor have been based, are at least 10 per cent. of the gross liabilities of HoldCo Guarantor and its consolidated subsidiaries, if any, as shown by such audited consolidated accounts;

“State of Sarawak” means the State Government of Sarawak; and

“Subsidiary” means a subsidiary as defined in the Companies Act 1965, of Malaysia.

11. REPLACEMENT OF CERTIFICATES

Should any Certificate be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar or any Agent upon payment by the claimant of such expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer, the Registrar and such Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12. NOTICES

All notices to the Noteholders regarding the Notes will be validly given if mailed to them at their respective addresses in the relevant Register maintained by the Registrar or published in a daily newspaper of general circulation in Asia, which is expected to be the Asian Wall Street Journal. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice shall be deemed to have been given on the later of the date of such publication and the fifth day after being so mailed, as the case may be.

So long as any Notes are represented by a Global Certificate and the relevant Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System, notices to Noteholders of the Class of Notes represented by such Global Certificate shall be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions. Such notices shall be deemed to have been given to the relevant Noteholders on the day following the date of delivery to Euroclear and Clearstream.

13. MEETINGS OF NOTEHOLDERS AND MODIFICATION

13.1 The Note Trust Deed contains provisions for convening meetings of each Class of Noteholders to consider any matter affecting their interests, including the sanctioning of a modification of any Transaction Documents. Such a meeting may be convened by the Issuer, any Guarantor, the Note Trustee or at the request of Noteholders of a Class holding not less than 25 per cent. of the then outstanding principal amount of the Notes of such Class. Subject as provided below, the quorum at any such meeting for passing an Extraordinary Resolution is two or more persons holding or representing more than 50 per cent. of the then outstanding principal amount of the Notes of such Class, or at any adjourned meeting two or more persons being or representing Noteholders of such Class whatever the principal amount of the Notes of such Class so held or represented, except that at any meeting the business of which relates to a Reserved Matter (as defined below), (i) the quorum shall be two or more persons holding or representing not less than 75 per cent. of the then outstanding principal amount of the Notes of such Class, or at any adjourned meeting two or more persons holding or representing not less than 25 per cent. of the then outstanding principal amount of the Notes of such Class; and (ii) a resolution in respect of a Reserved Matter will only take effect if passed by an Extraordinary Resolution of each Class of Noteholders.

At any meeting the business of which relates to an Unanimous Matter (as defined below), (i) the quorum at any such meeting (including any adjourned meeting) in respect of a Class of Notes shall be one or more persons holding or representing 100 per cent. of the then outstanding principal amount of the Notes of such Class; and (ii) a resolution in respect of an Unanimous Matter will only take effect if passed by holders of 100 per cent. of the then outstanding principal amount of the Notes of such Class. A written resolution signed by or on behalf of the holders of 100 per cent. of the then outstanding principal amount of Notes of such Class shall be as valid and effective as a duly passed resolution at a meeting the business of which relates to an Unanimous Matter.

An “**Extraordinary Resolution**” is passed at a meeting of a Class of Noteholders duly convened and held in accordance with the provisions of the Note Trust Deed by a majority consisting of not less than 75 per cent. of the votes cast. An Extraordinary Resolution passed at any meeting of a Class of Noteholders shall be binding on all the Noteholders of such Class, whether or not they are present at the meeting. The Note Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the then outstanding principal amount of Notes of the relevant Class shall be as valid and effective as a duly passed Extraordinary Resolution.

“**Reserved Matter(s)**” means any one or more of the following matters (other than an Unanimous Matter):

- (a) to sanction any proposal by the Issuer or any Guarantor for any release, waiver, modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer or any Guarantor whether or not such rights arise under the Notes, the Note Trust Deed, the Deed of Accession and Release or otherwise;
- (b) to approve any amendment of the Maturity Date, any Adjustment Date or Interest Payment Date, or to sanction the exchange for the Notes of, or the conversion of the Notes into, shares, Notes or other obligations or securities of the Issuer, any Guarantor or any other entity;
- (c) to approve any reduction or cancellation of, or modification of the method of calculating, any amounts payable in respect of the Notes or modification to any Rate of Interest or the date, time, currency or amount of any payment to be made in respect of the Notes. However, no Extraordinary Resolution is required where such reduction, cancellation or modification is contemplated in these Conditions;
- (d) to change the quorum required at the meeting of Noteholders or to approve the alteration of the majority required to pass an Extraordinary Resolution in connection with approving any action described above;

- (e) to approve any amendment in respect of the Security created under the Issuer Security Deed or the SIL Deed or any other amendment relating to the Mortgaged Property; and
- (f) to amend any of the above reserved matters.

“Unanimous Matter(s)” means any matter requiring the approval by holders of 100 per cent. of the then outstanding principal amount of the Notes of the relevant Classes under these Conditions, including, without limitation, Condition 4.3.2, Condition 14.1, Condition 15 and any amendment to this definition.

- 13.2 The Note Trust Deed provides that the Note Trustee may agree without the consent of the Noteholders to, except in the case of Reserved Matters and Unanimous Matters, any modification of, or to any waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Transaction Documents, or may determine that any condition, event or act which, but for such determination, would constitute a Possible Potential Event of Default, a Potential Event of Default or an Event of Default, shall not be treated as such which in any such case, in the opinion of the Note Trustee is not materially prejudicial to the interests of the Noteholders. The Note Trust Deed also provides that the Note Trustee may agree without the consent of the Noteholders to any modification of any of these Conditions of the Notes or any of the provisions of the Transaction Documents which is (in the opinion of the Note Trustee) of a formal, minor or technical nature or which is made to correct a manifest error or an error proven to the satisfaction of the Note Trustee or to comply with mandatory provisions of law. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and, unless the Note Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 12.
- 13.3 Subject to the Reserved Matters and the Unanimous Matters, the Transaction Documents may be modified by the Issuer with the approval of the Note Trustee. Any approval would be given in accordance with the provisions of the Note Trust Deed. If any proposal is made to modify any right, benefit or obligation of the Note Trustee or the Paying Agent under the Transaction Documents, such modification may only be made with the prior written consent of the Note Trustee or Paying Agent (as the case may be).
- 13.4 In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, but without limitation, any modification, waiver, authorisation or determination) which, in its sole opinion, does not affect all Classes of Notes, (i) the Note Trustee shall have regard to the interests of the Noteholders of each of the affected Class(es) as a class but shall not have regard to any interests arising from circumstances particular to any individual Noteholders of such Class (whatever their number) and, in particular, but without limitation, need not have regard to the consequences of such exercise for any individual Noteholders of such Class (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof or otherwise to the tax consequences thereof; (ii) the Note Trustee shall not be required to have regard to the interests of the Noteholders of any unaffected Class(es); and (iii) the Note Trustee shall not be entitled to require, nor shall any Noteholder of any Class be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders of any Class except to the extent provided in Condition 8 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Note Trust Deed.
- 13.5 In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, but without limitation, any modification, waiver, authorisation or determination) which, in its sole opinion, affects or could affect all Classes of Notes, (i) the Note Trustee shall have regard to the interests of each Class of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to any individual Noteholders (whatever their number) and, in particular, but without limitation, need not have regard to the consequences of such exercise for any individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with,

or subject to the jurisdiction of, any particular territory or any political sub-division thereof or otherwise to the tax consequences thereof and (ii) the Note Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon such individual Noteholders except to the extent provided in Condition 8 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Note Trust Deed.

14. SUBSTITUTION

14.1 The Note Trust Deed contains provisions under which:

14.1.1 any Guarantor or any other company which is directly or indirectly wholly-owned by the State of Sarawak may assume the obligations of the Issuer as principal debtor under the Note Trust Deed and the Notes; and

14.1.2 any company which is directly or indirectly wholly-owned by the State of Sarawak may assume the obligations of any Guarantor as a guarantor under the Note Trust Deed and the Notes,

provided that, except for any substitution that is an Exempt Substitution (as defined in Condition 14.2), such substitution is approved in writing by the holders of 100 per cent. of the then outstanding principal amount of the Notes of all Classes; and

provided always that, in respect of any substitution (including an Exempt Substitution), (i) if the Deed of Accession and Release has been entered into and has become effective, such substitution may only occur (A) where the original principal debtor is substituted by a new principal debtor (other than SII Guarantor), SII Guarantor continues to be a guarantor in respect of the new principal debtor, or (B) where SII Guarantor ceases to be a guarantor, SII Guarantor will instead be the principal debtor of the obligations under the Note Trust Deed and the Notes; (ii) where the Issuer is substituted by a new principal debtor, the Issuer will be a guarantor in respect of the new principal debtor; and (iii) certain conditions specified in the Note Trust Deed are fulfilled.

14.2 Each of the following is an “**Exempt Substitution**”:

14.2.1 where (i) due to the occurrence of any change in any applicable law or regulation (including, without limitation, any tax law) or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), it would be illegal or impossible for the entity to be substituted pursuant to Condition 14.1 to perform its obligations as the Issuer or a Guarantor, as the case may be, in any Relevant Jurisdiction or the entity to be substituted pursuant to Condition 14.1 would incur materially increased costs in performing its obligations as the Issuer or a Guarantor, as the case may be, in any Relevant Jurisdiction; or

14.2.2 where such substitution would have the effect of reducing any Taxes which would otherwise be imposed or levied, collected, withheld or assessed by or on behalf of any Relevant Jurisdiction in respect of the Issuer (in the case of Condition 14.1.1) or such Guarantor (in the case of Condition 14.1.2),

such substitution may be effected without the consent of the Noteholders in accordance with the Note Trust Deed provided that, in each case, (i) the Note Trustee receives evidence of the occurrence of such events to its satisfaction in accordance with the Note Trust Deed; and (ii) the Note Trustee determines that such substitution would not, in the opinion of the Note Trustee, be materially prejudicial to the interests of the Noteholders.

14.3 No Noteholder shall, in connection with any substitution, be entitled to claim any indemnification or payment in respect of any tax consequence thereof for such Noteholder, except to the extent provided for in Condition 8 (or any undertaking given in addition to or substitution for it pursuant to the provisions of the Note Trust Deed).

15. FURTHER ISSUES

The Issuer may from time to time and in accordance with the Note Trust Deed create and issue further securities either having the same terms and conditions as the Notes in all respects, or the same except for the payment of interest accruing prior to the issue date of further notes or except for the first payment of interest following the issue date of the further Notes, which may be consolidated and form a single series with the outstanding Notes, provided that such further issue is approved in writing by the holders of 100 per cent. of the then outstanding principal amount of the Notes of all Classes. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 and forming a single series with the Notes. Any further securities forming a single series with the Notes constituted by the Note Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Note Trustee), be constituted by a deed supplemental to the Note Trust Deed. The Note Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Note Trustee so decides.

16. ENFORCEMENT

- 16.1 The Note Trustee may at any time, at its discretion and without notice, take any steps or actions or institute such proceedings against the Issuer and/or any Guarantor as it may think fit to enforce the provisions of the Note Trust Deed, the Issuer Security Deed, the SIL Deed or the Notes, but it shall not be bound to take any such steps or actions or institute such proceedings or any other action in relation to the Note Trust Deed, the Issuer Security Deed, the SIL Deed or the Notes (including in relation to the Mortgaged Property) unless (i) it shall have been so requested in writing by the holders of not less than 25 per cent. of the then outstanding principal amount of each Class of Notes or if so directed by an Extraordinary Resolution of each Class of Noteholders; and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.
- 16.2 No Noteholder shall be entitled to proceed directly against the Issuer and/or any Guarantor unless the Note Trustee, having become bound so to proceed, fails so to do within a reasonable period and such failure shall be continuing.
- 16.3 The Security in respect of the Mortgaged Property will become enforceable at any time when an Event of Default has occurred and is continuing.
- 16.4 Upon the Security becoming enforceable and subject to the terms of the Issuer Security Deed and the SIL Deed, in the case of the Fixed Mortgaged Property, the Note Trustee may, and if so requested in writing by the holders of at least 25 per cent. of the then outstanding principal amount of the Class A Notes for so long as the Class A Notes remain outstanding (and by the holders of at least 25 per cent. of the then outstanding principal amount of each Class of the Class B Notes if the Class A Notes are no longer outstanding) or if so directed by an Extraordinary Resolution of the Class A Noteholders for so long as the Class A Notes remain outstanding (and by an Extraordinary Resolution of each Class of the Class B Noteholders if the Class A Notes are no longer outstanding), shall (subject, in each case, to its being indemnified and/or secured and/or prefunded to its satisfaction) enforce the Security in respect of the Fixed Mortgaged Property pursuant to the Issuer Security Deed and the SIL Deed.
- 16.5 Upon the Security becoming enforceable and subject to the terms of the Issuer Security Deed, in the case of the Floating Mortgaged Property, the Note Trustee may, and if so requested in writing by the holders of at least 25 per cent. of the then outstanding principal amount of each Class of Notes or if so directed by an Extraordinary Resolution of each Class of Noteholders shall (subject, in each case, to its being indemnified and/or secured and/or prefunded to its satisfaction) enforce the Security in respect of the Floating Mortgaged Property pursuant to the Issuer Security Deed.
- 16.6 Further, the Note Trustee shall have no obligation to take any step or action in relation to the Mortgaged Property unless (i) it shall have been directed by an Extraordinary Resolution of each Class of Noteholders or it shall have been so requested in writing by the holders of not less than 25 per cent. of the then outstanding principal amount of each Class of Notes and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

17. GOVERNING LAW, SUBMISSION TO JURISDICTION AND SOVEREIGN IMMUNITY

17.1 Governing law

The Notes, the Note Trust Deed (including the Guarantees), the Issuer Security Deed, the Agency Agreement, the Trust Fund Reserve Account Agreement, the SIL Deed and the SIL Account Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and will be construed in accordance with, English law.

17.2 Jurisdiction of English courts

The courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes and accordingly any legal action or proceedings arising out of or in connection with the Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with such documents) (a “**Dispute**”) may be brought in such courts. Each party to the Note Trust Deed has irrevocably submitted to the exclusive jurisdiction of such courts and waived any objection which it might have to any such courts being nominated as the forum to hear and determine any such suit, action or proceedings or to settle any such Dispute and agreed not to claim that any such court is not a convenient or appropriate forum.

17.3 Appointment of process agent

Each of the Issuer and the Guarantors has irrevocably appointed TMF Corporate Services Limited at Pellipar House, 1st Floor, 9 Cloak Lane, London EC4R 2RU, United Kingdom as its agent in England to receive service of process in any proceeding in relation to a Dispute in England and have undertaken that in the event of such agent ceasing so to act it will appoint such other person as the Note Trustee may approve as its agent for that purpose. For the avoidance of doubt, the provision in this Condition 17.3 shall only apply to SII Guarantor after the Deed of Accession and Release has been entered into and become effective.

17.4 Sovereign immunity

To the fullest extent permitted by law each of the Issuer and the Guarantors irrevocably and unconditionally:

- 17.4.1 submits to the exclusive jurisdiction of the English courts in relation to any Dispute and waives and agrees not to claim any sovereign or other immunity from the jurisdiction of the English courts in relation to any Dispute (including to the extent that such immunity may be attributed to it), and agrees to ensure that no such claim is made on its behalf;
- 17.4.2 submits to the exclusive jurisdiction of the English courts and the courts of any other jurisdiction in relation to the recognition of any judgment or order of the English courts or the courts of any other jurisdiction in relation to any Dispute and waives and agrees not to claim any sovereign or other immunity from the jurisdiction of the English courts or the courts of any other jurisdiction in relation to the recognition of any such judgment or court order and agrees to ensure that no such claim is made on its behalf; and
- 17.4.3 consents to the enforcement of any order or judgment made or given in connection with any Dispute and the giving of any relief in the English courts and the courts of any other jurisdiction whether before or after final judgment including, without limitation: (i) relief by way of interim or final injunction or order for specific performance or recovery of any property; (ii) attachment of its assets; and (iii) enforcement or execution against any property, revenues or other assets whatsoever (irrespective of their use or intended use) and waives and agrees not to claim any sovereign or other immunity from the jurisdiction of the English courts or the courts of any other jurisdiction in relation to such enforcement and the giving of such relief (including to the extent that such immunity may be attributed to it), and agrees to ensure that no such claim is made on its behalf.

18. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term or condition of the Notes or the Note Trust Deed, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19. DEFINITIONS

For the purpose of these Conditions:

"2015 Notes" means the U.S.\$800,000,000 5.5 per cent. Guaranteed Notes due 2015 issued by 2015 Notes Issuer;

"Account Bank" means The Bank of New York Mellon, London Branch, provided that if The Bank of New York Mellon ceases to have a rating by the Rating Agency (as defined below) of at least equivalent to the Minimum Credit Rating (as defined below), such other financial institution having a rating by the Rating Agency at least equivalent to the Minimum Credit Rating as determined by the Calculation Agent;

"Annex Letter" means an annex letter addressed to the Issuer, HoldCo Guarantor and SGOS Guarantor dated on or about 27 June 2011 provided by the Depositor in respect of the payments into the Trust Fund Reserve Account;

"Balancing Payment" means, on any day, an amount determined by the Calculation Agent to be equal to the sum of (a) the Principal Funds and Interest Funds (each as defined in the Annex Letter) that have not been paid into the Trust Fund Reserve Account (including, for the avoidance of doubt, any amounts the deposit date of which is on, before or after the date on which the instruction is given in accordance with Condition 10.2); and (b) if a portion of the Balancing Payment is required by law to be withheld or deducted for, or on account of, any Tax on such date, an additional amount equal to such portion of the Balancing Payment;

"Depositor" means the State of Sarawak;

"Eligible Investments" means: (i) an investment in any US dollar denominated note, fund or other instrument arranged by Goldman Sachs International or its affiliate under which the Issuer will receive periodic payment(s) and which has a rating (as to such instrument or the obligor or guarantor thereof) by the Rating Agency of at least equivalent to the Minimum Credit Rating as determined by the Calculation Agent; or (ii) cash in US dollar fixed deposits with a financial institution having a rating by the Rating Agency at least equivalent to the Minimum Credit Rating as determined by the Calculation Agent, in each case, having a maturity date before the Maturity Date;

"Fund Acceleration Event" means where a Potential Event of Default has occurred and the Calculation Agent has given a written instruction to the Issuer or HoldCo Guarantor to procure that a Balancing Payment be made;

"Maturity Date" means 15 June 2026;

"Minimum Credit Rating" means the then long-term foreign currency unsecured rating of the State of Sarawak by the Rating Agency;

"On-Loan Agreement" means the on-loan agreement dated on or about the Closing Date between the Issuer and HoldCo Guarantor;

"Possible Potential Event of Default" means an event which would with the giving of notice and/or the expiry of any grace period, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 10.1 become a Potential Event of Default;

"Post-Enforcement Priority of Payments" means, upon the enforcement of the Mortgaged Property:

- (a) in respect of the Fixed Mortgaged Property, the following order of priority:
 - (i) first, in payment of all costs, charges, expenses and liabilities incurred by or which may be incurred by, and all other amounts due and payable or to become due and payable to the Note Trustee or any Receiver (as defined below) appointed by it (including remuneration payable to the Note Trustee and the costs of realising the Security), together with interest and applicable VAT (as defined below) (or other similar taxes) thereon;

- (ii) secondly, in or towards payment of any accrued interest, principal or premium and any other amounts owing in respect of the Class A Notes *pari passu* and rateably;
 - (iii) thirdly, in or towards payment of any accrued interest, principal or premium and any other amounts owing in respect of the Class B Notes *pari passu* and rateably; and
 - (iv) lastly, in payment of any balance (if any) to the Issuer for itself or, if any moneys were received from the Guarantors and to the extent of such moneys, the Guarantors; and
- (b) in respect of the Floating Mortgaged Property, the following order of priority:
- (i) first, in payment of all costs, charges, expenses and liabilities incurred by or which may be incurred by, and all other amounts due and payable or to become due and payable to the Note Trustee or any Receiver appointed by it (including remuneration payable to the Note Trustee and the costs of realising the Security), together with interest and applicable VAT (or other similar taxes) thereon;
 - (ii) secondly, in or towards payment of any accrued interest, principal or premium and any other amounts owing in respect of the Notes *pari passu* and rateably; and
 - (iii) lastly, in payment of any balance (if any) to the Issuer for itself or, if any moneys were received from the Guarantors and to the extent of such moneys, the Guarantors;

“Rating Agency” means S&P;

“Receiver” means an administrative receiver, a receiver and manager and a receiver of all or any part of the Mortgaged Property appointed under the relevant Security Document;

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. or any successor thereto;

“Secured Creditors” means the Note Trustee, the Noteholders and any Receiver appointed by the Note Trustee under the Security Documents;

“Security” means any mortgage, sub-mortgage, standard security, charge, sub-charge, assignment, assignation in security, pledge, lien, right of set-off or other encumbrance or security interest;

“Security Documents” means the Issuer Security Deed, the SIL Deed and any other agreement or document from time to time designated as such by the Issuer and the Note Trustee;

“SIL Swap Account” means the account in the name of SIL opened with the Account Bank pursuant to the SIL Account Agreement;

“SIL Swap Agreement” means the agreement evidenced by the Confirmation (reference number 59276585411, in respect of the amended and restated transaction with an effective date of 15 July 2009) between SIL and J. Aron & Company (Singapore) Pte. (on behalf of J. Aron & Company) (**“J. Aron”**), as amended, supplemented and/or restated from time to time;

“Trust Fund Reserve Account” means the trust fund reserve account in the name of the Issuer opened with the Account Bank pursuant to the Trust Fund Reserve Account Agreement; and

“VAT” means value added tax or similar tax charged or chargeable in respect thereof.

There will appear at the foot of the Conditions endorsed on or (as the case may be) attached to each Certificate the names and Specified Offices of the Agents as set out at the end of this Offering Circular.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Each Global Certificate contains provisions which apply to the relevant Notes while they are in global form, some of which modify the effect of the Conditions set out in this Offering Circular. Terms defined in the Conditions have the same meanings in the paragraphs below. The following is a summary of certain of those provisions.

Each Class of Notes will be represented by a Global Certificate which will be registered in the name of The Bank of New York Depository (Nominees) Limited as nominee for, and deposited with, a common depository for Euroclear and Clearstream, Luxembourg.

Each Global Certificate may be exchanged in whole, but not in part, for Individual Certificates only if Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holidays statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

Whenever a Global Certificate is to be exchanged for Individual Certificates, the Issuer will cause sufficient Individual Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Notes following surrender of the relevant Global Certificate. A person with an interest in the Notes in respect of which such Global Certificate is issued must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Individual Certificates. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any Holder or the Note Trustee, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

Notices

Notwithstanding Condition 12 (*Notices*), so long as the Notes are represented by the relevant Global Certificate and the relevant Global Certificate is held on behalf of Euroclear, Clearstream, Luxembourg or any other clearing system (an “**Alternative Clearing System**”), notices to Noteholders shall be given by delivery of the relevant notice to Euroclear, Clearstream, Luxembourg or (as the case may be) such Alternative Clearing System for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

Meetings

The holder of a Global Certificate will be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each U.S.\$1 in principal amount of Notes for which such Global Certificate may be exchanged. A person with an interest in the Notes in respect of which a Global Certificate is issued will be allowed to attend and speak at a meeting of Noteholders on appropriate proof of his/her identity and interest.

Note Trustee’s Powers

In considering the interests of Noteholders while a Global Certificate is held on behalf of a clearing system, the Note Trustee may, without being obliged to do so, have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Certificate and may consider such interests as if such accountholders were the holders of that Global Certificate.

Enforcement

For the purposes of enforcement of the provisions of the Note Trust Deed against the Note Trustee, the persons named in a certificate of the holder of the Notes in respect of which the relevant Global Certificate is issued shall be recognised as the beneficiaries of the trusts set out in the Note Trust Deed, to the extent of the principal amount of their interests in the Notes set out in the certificate of the holder, as if they were themselves the holders of Notes in such principal amounts.

Payment

Payments of principal, premium and interest in respect of Notes represented by a Global Certificate will be made without presentation or, if no further payment is to be made in respect of the Notes, against presentation and surrender of the Global Certificate to or to the order of the Principal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose.

Transfers

So long as the relevant Global Certificate representing the Notes of a relevant Class is held on behalf of one or more clearing systems, transfer of book-entry interests in the Notes of such class between accountholders of such clearing systems may be made in accordance with the rules of the relevant clearing system.

Record Date

Notwithstanding Condition 6.9 (*Record Date*) of the Notes, while all the Notes of a relevant Class are represented by a Global Certificate which is held on behalf of one or more clearing systems, the Record Date will be the Clearing System Business Day immediately prior to the relevant payment date, where “**Clearing System Business Day**” means Monday to Friday inclusive except December 25 and January 1.

Adjustment of outstanding principal amounts of the Notes

In respect of Class A Notes and Class B1 Notes only, so long as the Class A Notes or the Class B1 Notes, as the case may be, are represented by the relevant Global Certificate and the relevant Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System, the adjustments to the outstanding principal amount of the Class A Notes and the Class B1 Notes will be made by application of a pool factor, at the discretion of, and in accordance with the rules and procedures of, Euroclear or Clearstream Luxembourg or the relevant Alternative Clearing System (in each case, as appropriate). For the avoidance of doubt, the Class B2 Notes shall not be subject to any adjustment in aggregate principal amount.

Payment Business Day

While all the Notes of a relevant Class are represented by a Global Certificate which is held on behalf of one or more clearing systems, the definition of “Payment Business Day” in Condition 6.7 (*Payment Business Day*) shall read as follows:

“In these Conditions, “**Payment Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks are generally open for business in New York City.”

TAXATION

Malaysian Tax Considerations

The statements made herein regarding Malaysian taxation are based on the laws in force as at the date of this Offering Circular and are subject to any changes in law occurring after such date, which changes could be made on a retrospective basis. The following summary does not purport to be a comprehensive description of all of the Malaysian tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of Notes. Holders of the Notes are advised to consult their tax advisors concerning the Malaysian tax implications of holding, exchanging, selling, assigning, transferring or otherwise disposing of the Notes.

Malaysian Residence Status

Under the Malaysian Income Tax Act 1967, a company not carrying on a business is regarded as a resident in the basis year for a year of assessment if management and control of its affairs are exercised in Malaysia at any time during that basis year by its directors or other controlling authority. The rules regarding the residence of individuals are complex, but generally are based on the length of time spent in Malaysia.

Withholding Tax

As the Issuer is incorporated under the Labuan Companies Act, interest paid by the Issuer to a non-resident person as determined under the Income Tax Act 1967 or another Labuan company (as defined in the Labuan Business Activity Tax Act 1990) is exempt from income tax and thus not subject to withholding tax. However, this exemption is not available in respect of interest accruing to a business carried on by a non-resident person in Malaysia where that non-resident person is licensed to carry on a business under the Banking and Financial Institutions Act 1989, Islamic Banking Act 1983, Takaful Act 1984 or Insurance Act 1996. In the event payment in the nature of interest is made by a resident Guarantor to a non-resident person as determined under the Income Tax Act 1967 under the Notes, such payment may be subject to withholding tax of 15 per cent. In the event that any withholding tax becomes payable, the Issuer or the Guarantors, as the case may be, will pay such additional amounts as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding been required.

Income Tax

Proceeds from the sale, assignment, transfer or other disposal of the Notes by a non-resident holder of the Notes will not be subject to Malaysian income tax unless such proceeds constitute income attributable to a Malaysian business (as defined in the Income Tax Act 1967) undertaken by such non-resident holder.

Capital Gains Tax/Real Property Gains Tax

Malaysia does not impose tax on capital gains from the disposal of securities (including shares, notes, bonds and loan stocks) of companies which are not real property companies. Real property companies are companies whose assets are primarily made up of real properties or shares in other real property companies. Accordingly, there will be no exposure to tax on capital gains derived from disposal of the Notes as the Issuer is not a real property company.

There will also be no exposure to Malaysian capital gains tax from the redemption of the Notes.

Stamp Duty

All instruments which are executed by a Labuan company in connection with a Labuan business activity (as defined in the Labuan Business Activity Tax Act 1990) are exempted from stamp duty. Therefore, there will be no stamp duty exposure on the issuance, sale, assignment, transfer or other disposal of the Notes by such a Labuan company where the transaction falls within a Labuan business activity.

Relief from Taxation

Malaysia has no estate, inheritance or capital transfer tax in respect of the Notes. In addition, neither the issuance nor transfer of the Notes outside Malaysia will give rise to any capital gains, stamp, issue, registration or similar taxes or duties in Malaysia.

Payments of or in respect of principal and interest on the Notes, and any capital gains realised on the sale or exchange of the Notes, are not subject to the payment of any repatriation levy under Malaysia's exchange control measures.

Non-resident holders receiving interest income and any gains on the sale or other disposition of the Notes may also be liable to tax in their respective jurisdictions. Subject to the domestic tax laws of the respective foreign tax jurisdictions and any double taxation agreements with Malaysia, there could be tax relief available for the Malaysian tax suffered on the interest income and gains on sale of the Notes (if applicable).

DISTRIBUTION PLAN, ACTIVITIES OF GSI AND TRANSFER RESTRICTIONS

GSI has agreed with the Issuer, subject to the satisfaction of certain conditions precedent, to procure subscribers for, or failing which to subscribe from the Issuer, the aggregate principal amount of Notes at 177.674281 per cent. of the principal amount of the Class A Notes, at 32.593009 per cent. of the principal amount of the Class B1 Notes and at 100 per cent. of the principal amount of the Class B2 Notes, in accordance with an arranger agreement dated 10 June 2011 and made between the Issuer, HoldCo Guarantor, SGOS Guarantor and GSI (the “**Arranger Agreement**”). GSI will privately offer the Notes to a limited number of prospective investors representing institutional or qualified investors which may include insurance institutions, bonding institutions, credit institutions, placement agents, investment funds and pension funds.

GSI or any of its affiliates (collectively “**Goldman Sachs**”) may choose, in its sole discretion, to invest, directly or indirectly, in the Notes, and expects, immediately upon settlement of the Notes, in its sole discretion, to enter separately into an arrangement with investors in all or substantially all of the Class A Notes and the Class B1 Notes whereby Goldman Sachs would synthetically obtain an economic exposure to the Class A Notes and Class B1 Notes, regardless of its role under the Arranger Agreement. In connection with any such investment, Goldman Sachs will look to its own interests and objectives in determining whether, and on what terms, it will or will not synthetically obtain an economic exposure to the Class A Notes and the Class B1 Notes, whether it will or will not from time to time hedge any such exposure (see “*Conflicts relating to Goldman Sach’s hedging activities*”) or apply any such exposure as a hedge against other exposures Goldman Sachs may have currently or may have from time to time and whether it should or should not enter into other transactions which may be adverse to the interest of any Noteholder or prospective investor. Goldman Sachs may realise a gain in respect of any investment in the Notes or any synthetic risk transfer transaction it enters into from time to time with respect to the Class A Notes and the Class B1 Notes. Goldman Sachs, in its sole discretion, may decide to unwind such synthetic transactions, in whole or in part, at any time, including prior to the stated maturity of the Notes; any such unwind by Goldman Sachs may in turn cause the Class A Noteholders and the Class B1 Noteholders to sell the Class A Notes and the Class B1 Notes to other investors. Any such arrangements undertaken by Goldman Sachs may affect the pricing of the Notes and otherwise may adversely affect the Issuer.

Conflicts related to Goldman Sachs’ market activities generally

Conflicts related to Goldman Sachs’ trading or investment activities

Goldman Sachs is a global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals.

As such, it acts as an investor, investment banker, research provider, investment manager, investment advisor, market maker, trader, prime broker and lender. In those and other capacities, Goldman Sachs purchases, sells or holds a broad array of investments, actively trades securities, derivatives, loans, commodities, currencies, credit default swaps, indices, baskets and other financial instruments and products for its own account or for the accounts of its customers, and will have other direct or indirect interests, in the global fixed income, currency, commodity, equity, bank loan and other markets. Any of Goldman Sachs’ financial market activities may, individually or in the aggregate, have an adverse effect on the market for the Notes, and prospective investors should expect that the interests of Goldman Sachs or its clients or counterparties will at times be adverse to those of Noteholders.

Conflicts related to Goldman Sachs’ market-making activities

Goldman Sachs actively makes markets in and trades financial instruments for its own account and for the accounts of customers. These financial instruments include debt and equity securities, currencies, commodities, bank loans, indices, baskets and other products. Goldman Sachs’ activities include, among other things, executing large block trades and taking long and short positions directly and indirectly, through derivative instruments or otherwise. The securities and instruments in which Goldman Sachs takes positions, or expects to take positions, include the

Notes, securities and instruments similar to the Notes, and other securities and instruments. Market making is an activity where Goldman Sachs buys and sells on behalf of customers, or for its own account, to satisfy the expected demand of customers. By its nature, market making involves facilitating transactions among market participants that have differing views of securities and instruments. As a result, prospective investors should expect that Goldman Sachs will take positions that are inconsistent with, or adverse to, the investment objectives of Noteholders.

Conflicts related to Goldman Sachs introducing competing products into the marketplace

Goldman Sachs regularly offers a wide array of securities, financial instruments and other products into the marketplace, including existing or new products that are similar to the Notes. Prospective investors in the Notes should expect that Goldman Sachs will offer securities, financial instruments, and other products that will compete with the Notes for liquidity, research coverage or otherwise.

Conflicts related to Goldman Sachs' research and recommendations

As a result of Goldman Sachs' various financial market activities, including acting as a research provider, investment advisor, market maker or principal investor, prospective investors should expect that personnel in various businesses throughout Goldman Sachs will have and express research or investment views and make recommendations that are inconsistent with, or adverse to, the objectives of Noteholders.

Conflicts related to Goldman Sachs' business relationship with the Issuer Group

The financial market activities and interests of Goldman Sachs include financial advisory, investment advisory or transactional services and interests in securities, instruments and companies that are directly or indirectly related to the Issuer Group. In providing these or other services to, or engaging in transactions with, one or more entities in the Issuer Group, or other market participants, or in acting for its own account, Goldman Sachs may take actions that have a direct or indirect effect on the Issuer Group, which may be adverse to the interests of Noteholders.

In particular, Goldman Sachs has provided investment banking services (including without limitation underwriting, merger advisory, other financial advisory, placement agency or selling agency services), foreign currency hedging, research, asset management services, brokerage services or other services to one or more entities in the Issuer Group. Goldman Sachs, including its personnel or business units involved in the management, sales, activities, business operations or distribution of the Notes, has provided services to one or more entities in the Issuer Group and has interests other than those relating to the Notes. These activities may cause the interests of Goldman Sachs or the Issuer Group to be adverse to the interests of Noteholders.

As a result of its various market activities and interests, it is likely that the Issuer Group will have multiple business relationships with, and will invest in, engage in transactions (including derivatives transactions) with, make voting decisions with respect to, or obtain services from, entities for which Goldman Sachs performs or seeks to perform investment banking or other services. It is also likely that the Issuer Group will undertake transactions in securities in which Goldman Sachs makes a market or otherwise has other direct or indirect interests (including, without limitation, certain of the Eligible Investments). In this offering, as well as in all other circumstances in which Goldman Sachs receives any fees or other compensation in any form relating to services provided to or transactions with the Issuer Group, no accounting, offset or payment in respect of the Notes will be required or made; Goldman Sachs will be entitled to retain all such fees and other amounts, and no fees or other compensation payable by the Issuer Group or indirectly by Noteholders will be reduced by reason of receipt by Goldman Sachs of any such other fees or other amounts.

Conflicts related to Goldman Sachs' roles in connection with the Notes

Conflicts related to Goldman Sachs' hedging activities

In connection with this offering or otherwise, Goldman Sachs anticipates entering into transactions, in its sole discretion, to, among other things, (i) synthetically obtain an economic exposure to the Class A Notes and the Class B1 Notes, (ii) hedge any exposure of Goldman

Sachs to the Notes or similar securities or products, (iii) enter into credit default swap transactions or other derivative transactions relating to the Class A Notes and the Class B1 Notes or similar securities or products, or (iv) securitise any credit or market risk of Goldman Sachs relating to the Class A Notes and the Class B1 Notes or similar securities or products through the creation of investment vehicles to be sold to other investors. In addition to entering into such transactions itself, Goldman Sachs may structure such transactions for its clients or counterparties, or otherwise advise or assist clients or counterparties in entering into such transactions.

These transactions may cause Goldman Sachs or its clients or counterparties to have economic interests and incentives that do not align with, and that may be directly contrary to, those of a Noteholder. In addition, these transactions or actions taken to maintain, adjust or unwind any positions in the future, may, individually or in the aggregate, have a material effect on the market for the Notes (if any), including adversely affecting the value of the Notes, particularly in illiquid markets. Goldman Sachs will have no obligation to take, refrain from taking or cease taking any action with respect to these transactions based on the potential effect on a prospective investor in or holder of the Notes and may receive substantial returns on hedging or other activities while the value of the Notes decline.

These activities may be undertaken to achieve a variety of objectives, including:

- permitting purchasers of the Class A Notes and the Class B1 Notes to hedge their investment in the Class A Notes and the Class B1 Notes in whole or in part;
- facilitating transactions for other clients or counterparties that may have business or investment objectives that are contrary to those of Noteholders; hedging of the exposure of Goldman Sachs to the Notes including any interest (including any synthetic economic exposure to the Class A Notes and Class B1 Notes) in the Notes that it acquires or retains as part of the offering process, through its market-making activities or otherwise;
- enabling Goldman Sachs to comply with its internal risk limits or otherwise manage firm wide, business unit or product risk; and/or
- enabling Goldman Sachs to take directional views as to relevant markets on behalf of itself or its clients or counterparties that are inconsistent with or contrary to the views and objectives of the Noteholders.

Conflicts related to GSI as Calculation Agent

The Issuer will appoint GSI as Calculation Agent for the Notes and in that capacity GSI will make certain determinations that may be material to Noteholders. The manner in which GSI makes such determinations or otherwise exercises its discretion may adversely affect Noteholders and, conversely, may positively affect the Issuer or other participants in the transaction. The role of the Calculation Agent in respect of the Notes includes the following:

- (i) the Calculation Agent may (but is not obliged to) independently notify the Issuer, the Guarantors, the Note Trustee, the Depositor and the Noteholders of the occurrence of a Potential Event of Default relating to the occurrence of an “Early Termination Date” under the SIL Swap Agreement (as described in Condition 10.1.13 (*Potential Event of Default*)) and the Calculation Agent may (but is not obliged to) independently notify the Note Trustee, the Registrar and the Noteholders of the occurrence of an Event of Default under the Notes (as described in Condition 10.5 (*Notification of Event of Default*));
- (ii) if the Calculation Agent determines that a Possible Potential Event of Default or a Potential Event of Default under the Notes has occurred on or prior to an Adjustment Date, no adjustment shall be made on such Adjustment Date and if the Calculation Agent determines that such Possible Potential Event of Default or Potential Event of Default under the Notes that has occurred has subsequently ceased to be continuing and no Event of Default has occurred, a notice will be given of such determination and the Notes will be adjusted retrospectively;
- (iii) if any Potential Event of Default occurs under the Notes, the Calculation Agent shall, if so requested in writing by the holders of not less than 50 per cent. in the then outstanding principal amount of the Class A Notes for so long as the Class A Notes remain outstanding (and by the holders of not less than 50 per cent. of the then outstanding principal amount of each Class of the Class B Notes if the Class A Notes are no longer outstanding) or if so directed by an Extraordinary Resolution of each Class of Noteholders, give a

written instruction to the Issuer and HoldCo Guarantor that the Potential Event of Default under the Notes shall be treated as a Fund Acceleration Event and the Issuer and HoldCo Guarantor shall procure that a Balancing Payment be paid in accordance with the terms of the Annex Letter;

- (iv) if any Event of Default occurs and is continuing under the Notes, the Calculation Agent shall, if so requested in writing by the holders of not less than 50 per cent. of the then outstanding principal amount of the Class A Notes for so long as the Class A Notes remain outstanding (and by the holders of not less than 50 per cent. of the then outstanding principal amount of each Class of the Class B Notes if the Class A Notes are no longer outstanding) or if so directed by an Extraordinary Resolution of each Class of Noteholders shall give notice to the Issuer and the Guarantors (with a copy to the Note Trustee, the Registrar and the Paying Agent) that the Notes are immediately due and payable whereupon they shall become immediately due and payable at their then outstanding principal amount together with interest accrued to the date of repayment;
- (v) the Calculation Agent will determine certain of the amounts due to be paid under the Annex Letter relating to tax, including any Additional Amount in respect of the interest and the amount payable on the Maturity Date and in addition, will also determine the Balancing Payment due under the Annex Letter;
- (vi) in respect of any withdrawal by SIL from amounts standing to the credit of the SIL Swap Account:
 - (a) the Calculation Agent may determine and certify that either (i) a Potential Event of Default has occurred and is continuing or (ii) an Event of Default has occurred;
 - (b) the Calculation Agent may determine and certify that a Possible Potential Event of Default in respect of Conditions 10.1.13 and 10.1.14 only has occurred and is continuing; and
 - (c) the Calculation Agent may have cause to believe that a Potential Event of Default under Condition 10.1.12 may occur and may certify such belief;
- (vii) where an Eligible Investment is to be purchased by the Issuer, the Issuer will be required to enter into such custody and security arrangements and additional agreements or deeds (including, without limitation, amendments to the existing Transaction Documents and/or new transaction or security documents) as the Calculation Agent determines in its sole discretion to be required and to obtain an opinion of independent legal, tax or such other advisors of recognised standing to the effect that such arrangement or amendment is effective in form and substance satisfactory to the Calculation Agent;
- (viii) the Calculation Agent will determine whether an Eligible Investment (or its obligor or guarantor thereof) has a rating at least equivalent to the Minimum Credit Rating; and
- (ix) in respect of the Account Bank ceasing to have a rating of at least equivalent to the Minimum Credit Rating, the Calculation Agent will determine if such other financial institution to replace such Account Bank would have the equivalent rating.

In addition, GSI has the right to cease serving in this capacity (provided that GSI shall have procured the appointment of a replacement calculation agent satisfactory to the Issuer and the Guarantors) or (with the consent of the Issuer and the Guarantors) to delegate certain responsibilities to third parties (except that the consent of the Issuer and the Guarantors shall not be required where GSI delegates to any of its Affiliates), who may have interests and incentives that differ from those of Noteholders.

Affiliate means in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, **control** of any entity or person means ownership of a majority of the voting power of the entity or person.

Conflicts related to J. Aron as swap counterparty under the SIL Swap Agreement

J. Aron (an affiliate of GSI) is the counterparty to SIL under the SIL Swap Agreement. In the event of an Event of Default under the SIL Swap Agreement in respect of SIL (and therefore likely

to be in respect of the Issuer Group), no amounts will be payable into the SIL Swap Account unless J. Aron has designated an early termination date under the SIL Swap Agreement. J. Aron's decision whether or not it will designate an early termination date will not necessarily be aligned with the interests of the Noteholders.

Conflicts related to Goldman Sachs making a market in the Notes

To the extent that Goldman Sachs makes a market in the Notes (which it is under no obligation to do), it would expect to receive income from the spreads between its bid and offer prices for the Notes. The price at which Goldman Sachs may be willing to purchase Notes, if it makes a market, will depend on market conditions and other relevant factors and may be significantly lower than the issue price for the Notes and the price at which it may be willing to sell the Notes.

In the event that Goldman Sachs becomes a holder of any Notes through market-making activity, has rights to vote where it has an economic exposure to the Notes or through derivatives transactions, or otherwise, any actions that it takes in its capacity as Noteholder, including voting, provision of consents, will not necessarily be aligned with the interests of other Noteholders of the same class or other classes of Notes.

The value or quoted price of Notes at any time, however, will reflect many factors and cannot be predicted. If Goldman Sachs makes a market in the Notes, the price quoted by Goldman Sachs would reflect changes in market conditions and other relevant factors, including a deterioration in its creditworthiness or perceived creditworthiness whether measured by its credit ratings or other credit measures. These changes may adversely affect the market price of the Notes, including the price Noteholders may receive for Notes in any market making transaction.

Conflicts related to Eligible Investments being arranged by Goldman Sachs

The permitted Eligible Investments include instruments arranged by Goldman Sachs. Consequently if the Issuer, having obtained the consent of all Class A Noteholders outstanding, makes a withdrawal from the Trust Fund Reserve Account to purchase a Goldman Sachs arranged instrument, Goldman Sachs will receive compensation in relation to such purchase, and this benefit will not be shared by investors in the Notes. In addition, if Goldman Sachs is an issuer of, or credit provider to, such Eligible Investment, Noteholders will be exposed to the credit risk of Goldman Sachs in respect of such Eligible Investments, in addition to Goldman Sachs in its other capacities in the transaction. See "*Risk Factors — Noteholders will be exposed to the credit risk of other obligors in respect of any Eligible Investment*".

Conflicts related to Goldman Sachs' ancillary benefits from (and incentives for) the transaction

GSI has participated in structuring this offering and the terms of the Notes in consultation with the Issuer Group and it may derive various benefits from this offering, including those listed below:

- Goldman Sachs expects it will derive various ancillary benefits from this offering, and its incentives may not be aligned with those of Noteholders. In particular, Goldman Sachs expects that a completed offering will enhance its ability to assist clients and counterparties in the transaction and in other transactions (including assisting clients in additional purchases and sales of the Notes and hedging transactions). Goldman Sachs expects to derive fees and other revenues from these transactions. In addition, participating in a successful offering and providing related services to clients may enhance Goldman Sachs' relationships with various parties, facilitate additional business development, and enable Goldman Sachs to obtain additional business and generate additional revenue. Goldman Sachs also expects to benefit from a completed offering of the Notes because the offering may establish a market precedent, thus enhancing Goldman Sachs' ability to conduct similar offerings in the future, and provide a valuation data point for securities similar to the Notes. In addition, participating in a successful offering and providing related services to clients may enhance Goldman Sachs' relationships with various parties, facilitate additional business development, and enable Goldman Sachs to obtain additional business and generate additional revenue.
- GSI is acting as the sole and exclusive arranger for this offering. Subject to the terms and conditions set forth in the Arranger Agreement, GSI has agreed to procure subscribers for, failing which to subscribe, the aggregate principal amount of the Notes at 177.674281 per cent. of the principal amount of the Class A Notes, at 32.593009 per cent. of the principal amount of the Class B1 Notes and at 100 per cent. of the principal amount of the Class B2 Notes. For its services, GSI will receive an aggregate fee equal to 1.25 per cent. of the gross proceeds of the Notes.

Goldman Sachs is not acting as an advisor or fiduciary to prospective investors in the Notes or any member of the Issuer Group and in evaluating the merits and risks of an investment in the Notes, a prospective investor should consider the market and other activities of Goldman Sachs, as well as its clients and counterparties, that will or may be inconsistent with or adverse to the interests of prospective investors in the Notes.

United States

The Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any jurisdiction and are being offered for sale in a transaction that does not require registration under the U.S. Securities Act or any other securities laws. The Notes are only being offered and sold outside of the United States in an offshore transaction (as defined in Regulation S).

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), GSI has represented and agreed, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of GSI for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or GSI to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

Hong Kong

GSI has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore, and the Notes will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the “**Securities and Futures Act**”). Accordingly, the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Offering Circular or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person under Section 275(1) of the Securities and Futures Act or to any person pursuant to Section 275(1A) of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each of the following persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased the Notes, namely a person who is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor;
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interests in that trust shall not be transferable for six months after that corporation or that trust has acquired the Notes under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person or to any person pursuant to Section 275(1) and Section 275(1A) of the Securities and Futures Act, respectively and in accordance with the conditions specified in Section 275 of the Securities and Futures Act;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law; or
- (iv) pursuant to Section 276(7) of the Securities and Futures Act.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the FIEA) and GSI has represented and agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Malaysia

No approval from the Securities Commission of Malaysia has been or will be obtained for the offering of the Notes on the basis that the Notes will be offered or sold exclusively to persons outside Malaysia or if within Malaysia then only by and to a Labuan company or foreign Labuan company, as defined under the Labuan Companies Act. In addition, no approval from the Labuan Financial Services Authority has been or will be obtained for excluded offers. This Offering Circular has not been nor will it be registered with the Securities Commission of Malaysia or the Labuan Financial Services Authority on the basis that (A) the Notes will not be offered or sold within Malaysia other than by a Labuan company or foreign Labuan company, as defined under the Labuan Companies Act, to another Labuan company or foreign Labuan company which (i) is licensed to carry on Labuan banking business or Labuan insurance business, as defined under the Labuan Financial Services

and Securities Act 2010, or (ii) is a corporation with total net assets exceeding RM10 million or its equivalent in foreign currencies based on its last audited accounts; and (B) any offer of the Notes will be an excluded offer for the purposes of the Labuan Financial Services and Securities Act 2010.

GSI has agreed that it has not offered or sold and will not offer or sell the Notes to any person within Malaysia. The Issuer has agreed that it has not offered or sold and will not offer or sell the Notes to any person within Malaysia other than (A) a Labuan company or foreign Labuan company, as defined under the Labuan Companies Act, which (i) is licensed to carry on Labuan banking business or Labuan insurance business, as defined under the Labuan Financial Services and Securities Act 2010, or (ii) is a corporation with total net assets exceeding RM10 million or its equivalent in foreign currencies based on its last audited accounts; and (B) by way of an offer which constitutes an excluded offer for the purposes of section 8(5) of the Labuan Financial Services and Securities Act 2010.

Transfer Restrictions

Each person purchasing an interest in the relevant Registered Global Certificate will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

- (a) that it is outside the United States;
- (b) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States except as set forth below;
- (c) it acknowledges that the relevant Registered Global Certificate will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THE NOTES EVIDENCED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES UNLESS SO REGISTERED OR PURSUANT TO A TRANSACTION NOT SUBJECT TO, OR IN RELIANCE ON AN EXEMPTION FROM, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH STATE SECURITIES LAWS. EACH HOLDER AND BENEFICIAL OWNER, BY ITS ACCEPTANCE OF THE NOTES EVIDENCED HEREBY, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.”

and

- (d) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

SECURITY, ACCOUNTS AND SIL SWAP AGREEMENT

The following descriptions consist of summaries of certain of the security provisions of the Issuer Security Deed, the SIL Deed and the Conditions and certain provisions of the SIL Swap Agreement and are qualified by reference to the provisions of the Issuer Security Deed, the SIL Deed, the Conditions and the SIL Swap Agreement, as appropriate. The following summary does not purport to be complete and prospective investors must refer to the Issuer Security Deed, the SIL Deed and the Conditions, as appropriate, for detailed information.

A. Security

Secured Creditors

The “**Secured Creditors**” means the Note Trustee, the Noteholders and any Receiver appointed by the Note Trustee under the Security Documents. The Class A Noteholders, the Class B1 Noteholders and the Class B2 Noteholders are each Secured Creditors with (a) the Class A Noteholders having prior ranking in respect of the Fixed Mortgage Property and (b) all Noteholders sharing *pari passu* and rateably in the Floating Mortgaged Property. See further “*Post Enforcement Priority of Payments*” below.

Fixed Mortgaged Property

As Security for the payment of all amounts payable by the Issuer in respect of the Notes, the Note Trust Deed and the Issuer Security Deed or the SIL Deed, as the case may be:

- (a) the Issuer has granted to the Note Trustee under the Issuer Security Deed, for the benefit of itself and the other Secured Creditors, an assignment by way of first fixed security (or, to the extent not assignable, a charge by way of a first fixed charge) of all of its rights, title, interests and benefits (present and future), if any, in the Trust Fund Reserve Account Agreement and to all sums of money to which it is or may be entitled and are from time to time and at any time standing to the credit of the Trust Fund Reserve Account together with all interest accruing from time to time thereon and the debt represented by such account; and
- (b) SIL has granted to the Note Trustee under the SIL Deed, for the benefit of itself and the other Secured Creditors, an assignment by way of first fixed security (or, to the extent not assignable, a charge by way of a first fixed charge) of all of its rights, title, interests and benefits (present and future), if any, in the SIL Account Agreement and to all sums of money to which it is or may be entitled and are from time to time and at any time standing to the credit of the SIL Swap Account together with all interest accruing from time to time thereon and the debt represented by such account.

See Condition 2.3 (*Fixed Mortgaged Property*) for further details.

Floating Mortgaged Property

As Security for the payment of all amounts payable by the Issuer in respect of the Notes, the Note Trust Deed and the Issuer Security Deed, the Issuer has granted to the Note Trustee under the Issuer Security Deed, for the benefit of itself and the other Secured Creditors, a first floating charge over all assets of the Issuer other than the Fixed Mortgaged Property (the “**Floating Charge**”).

Pursuant to the Issuer Security Deed, the Floating Charge over the Floating Mortgaged Property will automatically and without notice be converted into a fixed charge as regards the Floating Mortgaged Property if, *inter alia*, an Event of Default has occurred.

See Condition 2.4 (*Floating Security*) for further details.

Partial release of Security on Payment

Prior to any enforcement of the Security over the Mortgaged Property, the Note Trustee shall be deemed to release from such Security any part of the Mortgaged Property when such part of the Mortgaged Property becomes payable to the extent that payment of such part of the Mortgaged Property may be obtained and duly paid to other parties under the terms of the Transaction Documents and/or to holders of the Notes under the Conditions, provided that, notwithstanding the foregoing, withdrawals from the Trust Fund Reserve Account and the SIL Swap Account may only be made by the Issuer or SIL, as the case may be, in accordance with the terms of the Transaction Documents (including, without limitation, certain certifications and determinations).

Enforcement of the Security

The Security in respect of the Mortgaged Property will become enforceable at any time when an Event of Default has occurred and is continuing.

Upon the Security becoming enforceable and subject to the terms of the Issuer Security Deed and the SIL Deed, in the case of the Fixed Mortgaged Property, the Note Trustee may, and if so requested in writing by the holders of at least 25 per cent. of the then outstanding principal amount of the Class A Notes for so long as the Class A Notes remain outstanding (and by the holders of at least 25 per cent. of the then outstanding principal amount of each Class of the Class B Notes, if the Class A Notes are no longer outstanding) or if so directed by an Extraordinary Resolution of the Class A Noteholders for so long as the Class A Notes remain outstanding (and by an Extraordinary Resolution of each Class of the Class B Noteholders, if the Class A Notes are no longer outstanding), shall (subject, in each case, to its being indemnified and/or secured and/or prefunded to its satisfaction) enforce the Security in respect of the Fixed Mortgaged Property pursuant to the Issuer Security Deed and the SIL Deed.

Upon the Security becoming enforceable and subject to the terms of the Issuer Security Deed, in the case of the Floating Mortgaged Property, the Note Trustee may, and if so requested in writing by the holders of at least 25 per cent. of the then outstanding principal amount of each Class of Notes or if so directed by an Extraordinary Resolution of each Class of Noteholders shall (subject, in each case, to its being indemnified and/or secured and/or prefunded to its satisfaction) enforce the Security in respect of the Floating Mortgaged Property pursuant to the Issuer Security Deed.

Post-Enforcement Priority of Payments

Following enforcement of Security, the Note Trustee shall apply any proceeds received in accordance with the Post-Enforcement Priority of Payments. “**Post-Enforcement Priority of Payments**” means:

- (a) in respect of the Fixed Mortgaged Property, the following order of priority:
 - (i) first, in payment of all costs, charges, expenses and liabilities incurred by or which may be incurred by, and all other amounts due and payable or to become due and payable to the Note Trustee or any Receiver appointed by it (including remuneration payable to the Note Trustee and the costs of realising the Security), together with interest and applicable VAT (or other similar taxes) thereon;
 - (ii) secondly, in or towards payment of any accrued interest, principal or premium and any other amounts owing in respect of the Class A Notes *pari passu* and rateably;
 - (iii) thirdly, in or towards payment of any accrued interest, principal or premium and any other amounts owing in respect of the Class B Notes *pari passu* and rateably; and
 - (iv) lastly, in payment of any balance (if any) to the Issuer for itself or, if any moneys were received from the Guarantors and to the extent of such moneys, the Guarantors; or

- (b) in respect of the Floating Mortgaged Property, the following order of priority:
- (i) first, in payment of all costs, charges, expenses and liabilities incurred by or which may be incurred by, and all other amounts due and payable or to become due and payable to the Note Trustee or any Receiver appointed by it (including remuneration payable to the Note Trustee and the costs of realising the Security), together with interest and applicable VAT (or other similar taxes) thereon;
 - (ii) secondly, in or towards payment of any accrued interest, principal or premium and any other amounts owing in respect of the Notes *pari passu* and rateably; and
 - (iii) lastly, in payment of any balance (if any) to the Issuer for itself or, if any moneys were received from the Guarantors and to the extent of such moneys, the Guarantors.

Role of the Note Trustee

The Note Trustee will be trustee of the Security constituted by the Security Documents and of certain covenants contained in the Security Documents. The Security Documents provide that the Note Trustee may take steps to enforce the security constituted by the Security Documents and also provides that the Note Trustee may, at its discretion, take such proceedings as it thinks fit to enforce the covenants contained in the Security Documents. The Note Trustee is not obliged to take any action under the Security Documents unless (a) it shall have been or so requested in writing by the holders of at least 25 per cent. of the then outstanding principal amount of each Class of Notes or so directed by an Extraordinary Resolution of each Class of Noteholders; and (b) it is indemnified and/or secured and/or prefunded to its satisfaction.

In exercising any of its trusts, powers, authorities or discretions under the Security Documents, the Note Trustee is required to have regard to the interests of the relevant Noteholders as a class.

The Note Trustee has no role or responsibility in relation to the monitoring or supervising or enforcement of the performance and observance by the Issuer or any other party thereto of the Transaction Documents.

B. Accounts

Trust Fund Reserve Account

Pursuant to the Trust Fund Reserve Account Agreement, the Issuer will maintain the Trust Fund Reserve Account, which is an account in the name of the Issuer opened with the Account Bank subject to the terms of the Trust Fund Reserve Account Agreement. Amounts will be paid into the Trust Fund Reserve Account in accordance with the Annex Letter. Subject to the provisions set out in the Transaction Documents, the funds in the Trust Fund Reserve Account may be used to invest in Eligible Investments if certain conditions are met. See Condition 4.3 (*Trust Fund Reserve Account*) for further details.

Annex Letter

The State, acting through the State Financial Secretary, will issue on the Closing Date the Annex Letter in favour of the Issuer, HoldCo Guarantor and SGOS Guarantor. Under the Annex Letter, the State has agreed to make certain periodic contributions to the Government Fund which are equal to principal and interest payments on the Notes as well as any Balancing Payment pursuant to the Terms and Conditions of the Notes. The State has agreed to procure that such amounts are paid to the Trust Fund Reserve Account.

Withdrawals from the Trust Fund Reserve Account

Prior to the enforcement or release of Security over the Trust Fund Reserve Account, the Issuer may only withdraw funds in the Trust Fund Reserve Account: (i) for the purpose of making payments under the Notes; (ii) if so approved in writing by the holders of 100 per cent. of the then outstanding principal amount of the Class A Notes for so long as the Class A Notes remain outstanding (and by the holders of 100 per cent. of the then outstanding principal amount of each Class of the Class B Notes, if the Class A Notes are no longer outstanding), for the purpose of making investments in Eligible Investments; or (iii) for any purpose, an amount equal to the Trust Fund Reserve Interest Amount, provided that, in the case of (ii) and (iii) only, two directors of the Issuer have certified in writing as of the date of withdrawal to the Note Trustee and the Account Bank, upon which certificate the Note Trustee and the Account Bank shall be entitled to rely absolutely without incurring any

liability to any person for so doing, that no Possible Potential Event of Default or Potential Event of Default has occurred and is continuing and that no Event of Default has occurred. An investment in Eligible Investments may only be made if certain additional conditions are met. See Condition 4.3 (*Trust Fund Reserve Account*) for further details.

“**Trust Fund Reserve Interest Amount**” means, as of any day, an amount equal to any interest earned on the amounts standing to the credit of the Trust Fund Reserve Account from time to time (subject to any withholding or deduction from the Trust Fund Reserve Account by virtue of any taxes, duties, or other charges of whatever nature imposed, levied, collected, withheld or assessed by or within any applicable jurisdiction or any political subdivision or authority thereof or therein having power to tax).

Following the enforcement of Security over the Trust Fund Reserve Account, amounts standing to the credit of such account shall be applied in accordance with the Post-Enforcement Priority of Payments.

SIL Swap Account

SIL Account Agreement and SIL Swap Account

Pursuant to the SIL Account Agreement, SIL will (i) maintain the SIL Swap Account, which is an account in the name of SIL opened with the Account Bank subject to the terms of the SIL Account Agreement; and (ii) give an irrevocable instruction in writing to J. Aron such that any payments made by J. Aron under the SIL Swap Agreement on or after the Closing Date shall be deposited in the SIL Swap Account, which is subject to security pursuant to the SIL Deed.

The SIL Swap Agreement is a derivative transaction entered into by J. Aron & Company (Singapore) Pte (on behalf of J. Aron) and SIL with an effective date of 15 July 2009 guaranteed by The Goldman Sachs Group, Inc. and SGOS Guarantor, respectively. In addition to SIL providing third party security to the Issuer in respect of the Issuer’s obligations in respect of the Notes, the SIL Swap Agreement will also potentially result in acceleration of the Notes as the occurrence of an “Early Termination Date” under the SIL Swap Agreement or the termination or unwinding of the SIL Swap Agreement (in each case, other than (i) where J. Aron is the “Defaulting Party” (as defined in the SIL Swap Agreement) or (ii) where the SIL Swap Agreement is terminated or otherwise unwound by mutual agreement between the parties to the SIL Swap Agreement (for the avoidance of doubt, a termination or unwinding of the SIL Swap Agreement by mutual agreement does not include any termination or unwinding caused by the default of SIL)) constitute Potential Events of Default under the Notes. See “*SIL Swap Agreement*” below.

Withdrawals from SIL Swap Account

SIL may withdraw any amount standing to the credit of the SIL Swap Account from time to time, except where any of the following conditions has been satisfied prior to 9:00 a.m. (Hong Kong time) on the date of withdrawal:

- (a) any of the Issuer, a Guarantor or the Calculation Agent has determined and certified in writing to the Note Trustee and the Account Bank that either (i) a Potential Event of Default has occurred and is continuing or (ii) an Event of Default has occurred;
- (b) the Calculation Agent has determined and certified in writing to the Note Trustee and the Account Bank that a Possible Potential Event of Default in respect of Conditions 10.1.13 and 10.1.14 only has occurred and is continuing;
- (c) the Calculation Agent has cause to believe that a Potential Event of Default under Condition 10.1.12 may occur and has certified in writing to the Note Trustee and the Account Bank of such belief,

provided that, in each case, (i) such notifying party shall withdraw such certificate if the relevant Possible Potential Event of Default or Potential Event of Default has ceased to be continuing and no Event of Default has occurred; (ii) no failure or delay in making such determination, giving such certification or forming such belief shall constitute a waiver of, or otherwise prejudice, the right of the Calculation Agent to make such determination, give such certification or form such belief at any time;

(iii) the Calculation Agent shall withdraw its certificate in respect of sub-paragraph (c) above if it ceases to have cause to believe that a Potential Event of Default under Condition 10.1.12 may occur; and (iv) the Note Trustee and the Account Bank shall be entitled to rely on such certificate absolutely without incurring any liability to any person for so doing.

Following the enforcement of Security over the SIL Swap Account, amounts standing to the credit of such account shall be applied in accordance with the Post-Enforcement Priority of Payments.

C. SIL Swap Agreement

Event of Default or Termination Event

An “Event of Default” or “Termination Event” under the SIL Swap Agreement, which is based on the 1992 ISDA Master Agreement (Multicurrency-Cross Border), includes the following:

- (a) a number of standard events of default and termination events which include:
 - (i) standard events of default: (1) a failure to pay or deliver any amount after the expiry of a grace period (one local business day) after notice of failure is given; (2) breach of agreement which is not remedied within the applicable grace period (20 days); (3) defaults and other events in respect of credit support documents (which includes, in relation to SIL, the guarantee provided by SGOS Guarantor in favour of J. Aron; and, in relation to J. Aron, the standard guaranty of The Goldman Sachs Group, Inc., the pledge and security agreement between J. Aron and SIL and the custodial undertaking between J. Aron, Goldman, Sachs & Co., SIL and The Bank of New York Mellon); (4) misrepresentations; (5) default under specified transactions; (6) cross acceleration; (7) bankruptcy events; and (8) merger without assumption; and
 - (ii) standard termination events: (1) illegality; (2) tax events; and (3) tax event upon merger; and
- (b) a number of bespoke events of default and termination events apply in relation to the SIL Swap Agreement specifically which include:
 - (i) the failure by SGOS Guarantor, 2015 Notes Issuer, Sarawak Capital Incorporation (“**2026 Notes Issuer**”) or Sarawak Capital Assets Sdn. Bhd. (“**2026 Notes Guarantor**”, together with SIL, 2015 Notes Issuer, SGOS Guarantor and 2026 Notes Issuer, the “**Sarawak Entities**”) to comply with the covenants set out in the terms and conditions of the 2015 Notes or the U.S.\$350,000,000 notes due 2026 issued by 2026 Notes Issuer on 7 December 2006 (the “**2026 Notes**”);
 - (ii) the occurrence of an “Event of Default” (as that term is defined in the terms and conditions of the 2015 Notes or the 2026 Notes, as the case may be) in respect of any of the 2015 Notes or the 2026 Notes;
 - (iii) if any of SIL, 2015 Notes Issuer, 2026 Notes Issuer, 2026 Notes Guarantor or SGOS Guarantor has any liability to any financial institution and:
 - A. Bank Negara Malaysia has delivered or is likely to deliver a notification under pursuant to Section 70 of the Malaysian Deposit Insurance Act 2005 (“**MDIC Act**”) that such financial institution has ceased to be or is likely to cease to be viable; or
 - B. Danaharta has made or is likely to make a vesting order under Section 14 of the Pengurusan Danaharta Nasional Berhad Act 1998 (“**Danaharta Act**”) in respect of any liability of any of SIL or the Sarawak Entities to such financial institution, irrespective of whether a conservator under the MDIC Act or a special administrator under the Danaharta Act has been, will be or is likely to be appointed over any of SIL and the Sarawak Entities;

(iv) the occurrence of an “Event of Default” (as that term is defined in the relevant confirmation) in respect of a party to any ISDA Transaction (each, a “**Linked Transaction**”) between:

- A. either J. Aron or Goldman Sachs (Labuan) Investment Bank Limited; and
- B. either SIL or SGOS Guarantor.

For this purpose, “**ISDA Transaction**” means (1) any transaction (including an agreement with respect to any such transaction) now existing or hereafter entered into (i) which is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, weather index transaction or forward purchase or sale of a security, commodity or other financial instrument or interest (including any option with respect to any of these transactions) or (ii) which is a type of transaction that is similar to any transaction referred to in clause (i) above that is currently, or in the future becomes, recurrently entered into in the financial markets (including terms and conditions incorporated by reference in such agreement) and which is a forward, swap, future, option or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or deliveries are to be made, or (2) any combination of these transactions; provided that each such transaction or combination of transactions is evidenced by one or more confirmations under an ISDA Master Agreement (Multicurrency-Cross Border) or 2002 ISDA Master Agreement (whether the form of either such Master Agreement is deemed to apply to such confirmation(s) or either such Master Agreement is separately executed);

- (v) (a) SGOS Guarantor ceases to own 100 per cent. of the issued ordinary share capital of SIL and/or ceases to be able to exercise 100 per cent. of the voting rights in the share capital of SIL, or (b) the State of Sarawak (through the State Financial Secretary) ceases to own (either directly or indirectly) 100 per cent. of the issued share capital of SGOS Guarantor and/or ceases to be able to exercise (either directly or indirectly) 100 per cent. of the voting rights in the share capital of SGOS Guarantor; and
- (vi) the Goldman Sachs Group, Inc. ceases to indirectly own 100 per cent. of the issued share capital of J. Aron (but, for the avoidance of doubt, does not include any change of ownership of J. Aron which does not result in The Goldman Sachs Group, Inc. ceasing to indirectly own 100 per cent. of the issued share capital of J. Aron).

LEGAL MATTERS

Certain legal matters in connection with the Notes and this offering will be passed upon for the Issuer and the Guarantors by Clifford Chance Pte. Ltd. as to certain matters of English law and by Chooi & Company as to certain matters of Malaysian law. Certain matters in connection with the Notes and this offering will be passed upon by the State Attorney-General of Sarawak as to certain matters of Malaysian law. Certain legal matters in connection with the Notes and this offering will be passed upon for GSI by Allen & Overy as to certain matters of English law and by Shearn Delamore & Co. as to certain matters of Malaysian law.

GENERAL INFORMATION

- (1) The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The common code of the Class A Notes is 063882267 and the International Securities Identification Number for the Class A Notes is XS0638822675. The common code of the Class B1 Notes is 063882291 and the International Securities Identification Number for the Class B1 Notes is XS0638822915. The common code of the Class B2 Notes is 063882313 and the International Securities Identification Number for the Class B2 Notes is XS0638823137.
- (2) The issue of the Notes was authorised by resolutions of the Board of Directors of the Issuer passed on 20 May 2011 and by resolutions of the Board of Directors of the Issuer which are expected to be passed on or about 20 June 2011 and by the resolutions of the shareholder of the Issuer which are expected to be passed on or about 20 June 2011. The giving of the Guarantees by the Original Guarantors was authorised by (a) resolutions of the Board of Directors of HoldCo Guarantor passed on 20 May 2011 and by resolutions of the Board of Directors of HoldCo Guarantor which are expected to be passed on 20 June 2011 and by resolutions of the shareholder of HoldCo Guarantor which are expected to be passed on 20 June 2011 and (b) resolutions of the Board of Directors of SGOS Guarantor passed on 20 May 2011 and by resolutions of the Board of Directors of SGOS Guarantor which are expected to be passed on 20 June 2011 and by resolutions of the shareholder of SGOS Guarantor which are expected to be passed on 20 June 2011. The Issuer and the Original Guarantors will have obtained all necessary consents, approvals and authorisations and will have taken all actions necessary in Malaysia in connection with the issue and performance of the Notes and the Guarantees before the Closing Date.
- (3) The State is not and has not been involved in any litigation or arbitration proceedings which have, may have or have had, within the period of 12 months preceding the date of this Offering Circular, a significant effect on the financial position of the State, nor is the State aware of any such proceedings as being pending or threatened.
- (4) For so long as any of the Notes are outstanding, copies of the following documents may be inspected during normal business hours at the specified office of each Paying Agent and Registrar:
 - (a) the Note Trust Deed;
 - (b) the Issuer Security Deed;
 - (c) the Agency Agreement;
 - (d) the Annex Letter;
 - (e) the On-Loan Agreement;
 - (f) the Trust Fund Reserve Account Agreement;
 - (g) the SIL Deed; and
 - (h) the SIL Account Agreement.
- (5) Save as disclosed in this Offering Circular, there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) or general affairs of the Issuer since its incorporation on 20 April 2011 that is material in the context of the issue of the Notes.
- (6) Save as disclosed in this Offering Circular, there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) or general affairs of HoldCo Guarantor since its incorporation on 21 April 2011 that is material in the context of the giving of its Guarantee.
- (7) Save as disclosed in this Offering Circular, there has been no adverse change, or any development reasonably likely to involve an adverse change in the condition (financial or otherwise) or general affairs of SGOS Guarantor and SII Guarantor since 31 December 2010, that is material in the context of the giving of their respective Guarantees.
- (8) Save as disclosed in this Offering Circular, there has been no adverse change, or any development reasonably likely to involve an adverse change in the condition (financial or otherwise) or general affairs of the State since 31 December 2010, that is material in the context of the issue of the Notes.

- (9) BNY Mellon Corporate Trustee Services Limited, whose principal office is at One Canada Square, London E14 5AL, United Kingdom, has agreed to its being appointed as Note Trustee. Details of the scope of its mandate as Note Trustee, and the conditions under which it may be replaced as such, may be found in the Note Trust Deed, the Issuer Security Deed and the SIL Deed.
- (10) Approval from the Controller permitting HoldCo Guarantor to borrow the proceeds of this offering, net of certain expenses, in U.S. dollars was obtained on 16 June 2011. The Controller takes no responsibility for the contents of this Offering Circular, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this document.
- (11) Application has been made to the LFX for listing of, and permission to deal in, the Notes.
- (12) The Notes, the Note Trust Deed, the Issuer Security Deed, the Agency Agreement, the Annex Letter, the Trust Fund Reserve Account Agreement, the SIL Deed and the SIL Account Agreement will be governed by English law. The On-Loan Agreement will be governed by Malaysian law.
- (13) The Issuer expects to issue and deliver the Notes through the facilities of Euroclear and Clearstream, Luxembourg against payment. Admission of the Notes to the official list of the LFX and trading on its market are not conditions precedent to the issuance of the Notes.

THE ISSUER

Equisar International Incorporated

Tiara Labuan
Jalan Tanjung Batu, 87000 FT
Labuan, Malaysia

THE ORIGINAL GUARANTORS

SGOS Capital Holdings Sdn. Bhd.

Tingkat 18, Wisma Bapa Malaysia
Petra Jaya, 93502 Kuching
Sarawak, Malaysia

Equisar Sdn. Bhd.

Tingkat 18, Wisma Bapa Malaysia
Petra Jaya, 93502 Kuching
Sarawak, Malaysia

SII GUARANTOR

Sarawak International Incorporated

Unit Level 13(E) Main Office Tower
Financial Park Labuan
Jalan Merdeka, 87000 FT
Labuan, Malaysia

SIL

SGOS Investment Ltd.

Tingkat 18, Wisma Bapa Malaysia
Petra Jaya, 93502 Kuching
Sarawak, Malaysia

NOTE TRUSTEE

BNY Mellon Corporate Trustee

Services Limited
One Canada Square
London E14 5AL
United Kingdom

PRINCIPAL PAYING AND TRANSFER AGENT

The Bank of New York Mellon,

London Branch
One Canada Square
London E14 5AL
United Kingdom

REGISTRAR

The Bank of New York Mellon (Luxembourg) S.A.

Vertigo Building — Polaris
2-4 rue Eugène Ruppert
L-2453 Luxembourg

ACCOUNT BANK

The Bank of New York Mellon, London Branch

One Canada Square
London E14 5AL
United Kingdom

LEGAL ADVISERS TO THE ISSUER AND THE GUARANTORS

as to English law

Clifford Chance Pte. Ltd.

One George Street
19th Floor
Singapore 049145

as to Malaysian law

Chooi & Company

Level 23, Menara Dion
27 Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

LEGAL ADVISERS TO GSI

as to English law

Allen & Overy

9th Floor
Three Exchange Square
Central
Hong Kong

as to Malaysian law

Shearn Delamore & Co.

7th Floor, Wisma Hamzah-Kwong Hing
No 1 Leboh Ampang
50100 Kuala Lumpur
Malaysia

LEGAL ADVISERS TO THE NOTE TRUSTEE

as to English law

Linklaters LLP

One Silk Street
London EC2Y 8HQ
United Kingdom